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No. 27,144

Wednesday December 8 1976

\*\*\*10p

# FINANCIAL TIMES



## NEWS SUMMARY

### BUSINESS

**Nato losing out to Soviets'**  
Equities up 9.7%, gold down \$1

## Big banks impose strict restraint on new lending

BY MICHAEL BLANDEN

Strict restraint on new lending is being imposed by the big banks to bring their growth back into line with official controls after a further substantial increase last month.

The latest figures from the pantries which can be incurred under the widest definition (M3) show that, in mid-November they were well above the ceiling set for their expansion under the so-called corset controls reintroduced last month.

They underline the need for a tough squeeze on credit as a result of official measures to bring the money supply under control. This is likely to hit particularly hard borrowers in the personal sector and other non-priority groups such as property companies.

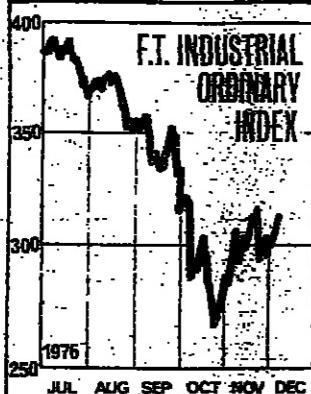
In November, the first month of the new controls, the London clearing banks had increased their interest-bearing resources by 10 per cent compared with the base period under the corset.

This growth has to be cut back to a rise of only 3 per cent in these resources over the six-month period to next April.

Other banks were not quite so badly placed, but the banking sector as a whole showed a 6.2 per cent rise, still more than double the growth permitted for the whole six months.

The clearing banks have started to send out new instructions to their managers. At present, these are largely emphasising the need for greater selectivity in examining applications for new borrowing and to observe the official request to give priority to manufacturing industry and finance for exports.

However, the banks recognise that if they are to avoid the stiff



Share gained 1.6 per cent to 137.04. The breweries index was 5.9 per cent higher at 132.69.

• **GILTS** were evenful, with a new replacement "tap" issued. At the short end of the market gains ranged to 1.4. The Government Securities Index was 0.01 lower at 55.56.

• **STERLING** rose 1.6c to \$1.6715; its weighted depreciation improved to 4.6c (4.54) per cent. The dollar's widened to 0.23 (0.03).

• **GOLD** fell \$1 to \$104, ahead of today's IMF gold auction.

• **WALL STREET** was 1.66 up at 93.43 near the close.

• **U.S. TREASURY** Bill rates three 4.883 (4.88) per cent; sixes 4.515 (4.567).

• **Clothing aid** re-launched

• **Healey hint on sterling balances lifts pound**

BY RICHARD EVANS AND PETER RIDDELL

THE POUND rose by nearly two in next week's statement about yesterday so that the pound closed a net 1.45 cents higher on the day at \$1.6715.

The trade-weighted depreciation narrowed to 4.6c per cent from 5.4c per cent.

It is understood that the Government is considering a multilateral facility on which Britain would draw if the sterling balances could be announced at the same time as next week's economic measures.

Speaking at a Foreign Press Association lunch in London, Mr. Healey said he hoped that the decisions which will be announced in a week's time, will give sterling a stability over a long period."

Mr. Healey's speech followed the first of two Cabinet meetings yesterday to discuss the forthcoming economic package and the terms of the \$3.9bn loan Britain is seeking. A statement is not expected until next week.

While it was being stressed in Whitehall last night that the Chancellor's reported comments were little different from what he has said in other speeches, the emphasis is firmer than before.

The increased possibility of a safety net arrangement for the balances was sufficient to reverse an early decline in sterling

Continued on Back Page

Bank figures Page 26

## Oil, gas reserves 'worth £300bn'

BY RAY DAFTON IN BIRMINGHAM

BRITAIN'S oil and gas reserves could be worth more than £300bn at current energy prices, according to the latest Government estimates.

The Government also forecasts that in 1980, output of North Sea oil alone will improve the total balance of payments by over 3 per cent of Gross National Product.

Dr. Mabon said that the UK economy is on the mend.

"We are not down and out; we are on the way up," he said.

The message, delivered at a

conference in Birmingham, was times over.

"Those who have been taking a jaundiced view of the British economy should perhaps do two things: analyse the value of our oil and gas reserves most carefully and take note of the strong economic position which our self-sufficiency in energy will give us in the 1980s."

The net oil import bill running at £10m. a day at present would be rapidly reduced over the next three years.

Dr. Mabon's optimistic predictions were tempered by Mr. David Steel, chairman of British Petroleum, a major North Sea operator.

He said that in order to encourage the maximum exploitation of reserves, the Government must recognise the need for investment incentives and a stable political and fiscal climate.

## HIGH PRICE CHANGES YESTERDAY

Prices in pence unless otherwise indicated)	IC Gas	200 + 23
Kellogg Inds	49 + 7	
Lains (J) "A"	62 + 5	
Lucas Inds	185 + 11	
Marks and Spencer	87 + 4	
Martin the Newsagent	93 + 10	
May and Hassell	55 + 10	
Myddleton Hotels	67 + 5	
NSS Newsgroups	49 + 5	
Ozalid	96 + 5	
Pilkington	220 + 7	
Plessey	223 + 4	
Prudential	223 + 12	
Stone-Platt	87 + 5	
Union Discount	272 + 17	
Waitrose-Ruggles	120 + 6	
Shell Transport	120 + 6	
Middle Wts	225 + 10	
Pemberton	725 + 25	
FALLS	725 + 25	
Chapman (Balham)	65 - 10	
BP	765 - 14	

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FT Survey	13-16	Home News	28	Books News	22	Charity
FT Survey	13-16	Int'l. Company News	29	Books News	22	Charity
FT Survey	13-16	The Technical Page	30	Books News	22	Charity
FT Survey	13-16	Todays Events	31	Books News	22	Charity
FT Survey	13-16	Trade News	32	Books News	22	Charity
FT Survey	13-16	Unit Trading	33	Books News	22	Charity
FT Survey	13-16	Loans	34	Wall St. & Overseas	22	Charity
FT Survey	13-16	Lambert	35	Weekend	22	Charity

For latest Share Index phone 01-246 8026

£500m.  
new 'tap'  
stock  
issued

Revaluation  
confuses  
Australians

BY KENNETH RANDALL

CANBERRA, Dec. 7.

THE GOVERNMENT announced yesterday another £500m. issue of gilt-edged stock as part of the continuing operation to finance the public sector deficit, writes Michael Blanden.

The new stock will replace the long dated "lap" stock issue which was exhausted on Monday.

The move was interpreted as effectively a holding operation, giving the authorities a supply of stock on tap to influence the market of the economic package expected next week.

The normal timetable of gilt-edged stock issues has been slightly accelerated on this occasion so that the new stock will be open for subscriptions on Friday. This will enable dealings to start on Monday ahead of the announcement.

The latest growth in lending took place before the controls were reimposed. The banking month ended on November 17, the day before the announcement of the corset.

During the four weeks to that date, London clearing banks increased their sterling lending to the U.K. private sector by £71m. After allowing for normal seasonal influences, however, the underlying rise was probably about £200m.

This was in line with the trend over recent months and appears to have reflected a number of influences in a rather exceptional period.

The rise in lending was concentrated in the manufacturing sector—and one factor causing the increase appears to have

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THE AUSTRALIAN business Although Mr. Fraser and Mr. Lynch insisted in Parliament that the revaluation was appropriate to date, the intention was to cut 2 per cent off the devaluation last 10 days ago, the change has been seen to affect a wide range of tariffs in practically every quarter, as the Government's initial

proposal was written in its initial

long-dated "lap" stock issue which was exhausted on Monday.

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Continued on Back Page

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The fact that the Government has not as yet made any firm commitment on protection levels for Australian industry is adduced by a clear signal that any attempt to fully offset the effect of devaluation by a general compensatory tariff cut would be unfair and very costly to industry confidence.

The latest variation in the exchange rate was recommended by the Government yesterday by a group of senior advisers in line with the new policy that there should be "more frequent and smaller shifts" in parities to make the exchange rate "more flexible."

The group comprises Mr. Harry Knight, Governor of the Reserve Bank, Sir Frederick Wheeler, the Treasury Secretary, and Mr. Allan Carmody, secretary of the Prime Minister's department.

Government officials today reported that the resumption of capital inflow in the first week was taken to confirm the view that any significant move must now wait until after the package.

The stock is a further £500m. Treasury loan dated 1988. At an issue price of £99 per cent, it yields 15.66 per cent flat and 13.67 per cent to redemption.

The news damped the gilt-edged market, where significant sales of the medium and short stocks held by the authorities were reported. At the close, the Financial Times Government Securities Index was 0.01 down at 58.56.

On about 900 import items, the Government intends to reduce or abolish the British preferential tariff by the end of next January. As a basis for these actions, it is using an Industry Assistance Commission report submitted 11 months ago.

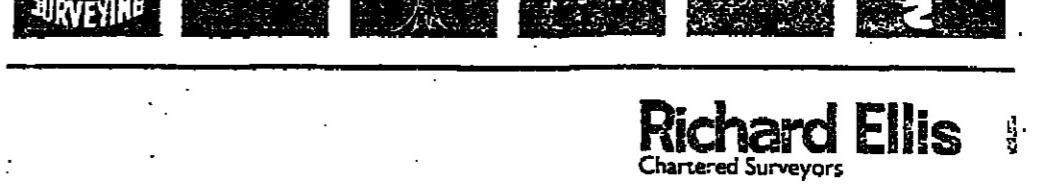
This report found that without generally adverse effects on local industry, the British preference margin could be eliminated by reducing the general tariff rate in about 700 cases, and reduced heavily on the Stock Exchange on about 100 other items.

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LOMBARD

# ED18 and the Duke of Plaza-Toro

BY ANTHONY HARRIS

THE PUBLICATION of ED18, least an honest, though to my exposure draft on inflation mind, profoundly misguided, accounting from the Account attempt to produce less misleading Standards Committee has, in fact, been accounts. Defenders and inaugurated what is meant to critics could take their stand on it as a six months' open season for points of principle, and slug it criticism and comment. The out.

subject is now no doubt a bit ED 18 is something quite different. It enshrines the proposed British desire for compromise and distaste for theory; and its instant welcome by a whole collection of bodies who show no evidence of having given a moment's serious thought to the issues represents an even more widespread wish that everyone concerned is to replace one set of accounts which, while misleading, is at least drawn up according to consistent principles, with a new regime which is not only misleading but vague, we will in some ways be worse off than ever.

A brief reminder of the issues which are at stake surely suggests that the profession ought to be offering some answers which are at least clear, even if they remain debatable.

## These reasons

First, unless accounts are fairly unambiguous, it is next to impossible for analysts to make fair comparisons between companies, so a vague system makes it very difficult for the City to carry out its supposed role in allocating capital.

Second, a system which leads to what most analysts regard as a pessimistic view of profits is not necessarily an improvement on one which is known to overstate them. While historic cost accounts have tended to undermine solvency, pure CCA accounts could reduce creditworthiness and impede enterprise. They are also likely to depress investors and so raise the cost of capital. All misleading accounts are damaging, not just over-optimistic ones.

Third, while no accounting system is proof against determined fraud, there is no need to issue open invitations.

For all these reasons, one had hoped first that the Committee would recognise the importance of money, as in fact they clearly did; and that having recognised it, they would express this recognition in some clear proposals.

Reading through the draft itself, listening to the dangerously charming defence of it put forward by its main author, Mr. Douglas Morphet, discussing it and with its critics has driven me to something near despair, but it is surely too important to be treated in this way.

## Too important

This was done, it seems, because soundings showed that no prior agreement existed on a correct approach — a fact which was surely evident enough when Sandlands was published. The whole approach reminds me of two legendary figures: the Scottish preacher who said to his flock: "My brethren, we come here to a severe difficulty. Let us look it squarely in the face, and pass on." Or perhaps more modestly still, the Duke of Plaza-Toro, who, it will be remembered, led his regiment from behind — he found it less exciting. Inflation accounting is not at the best of times exciting, but it is surely too important to be treated in this way.

## TV/Radio

\*Indicates programme in black and white.

### BBC 1

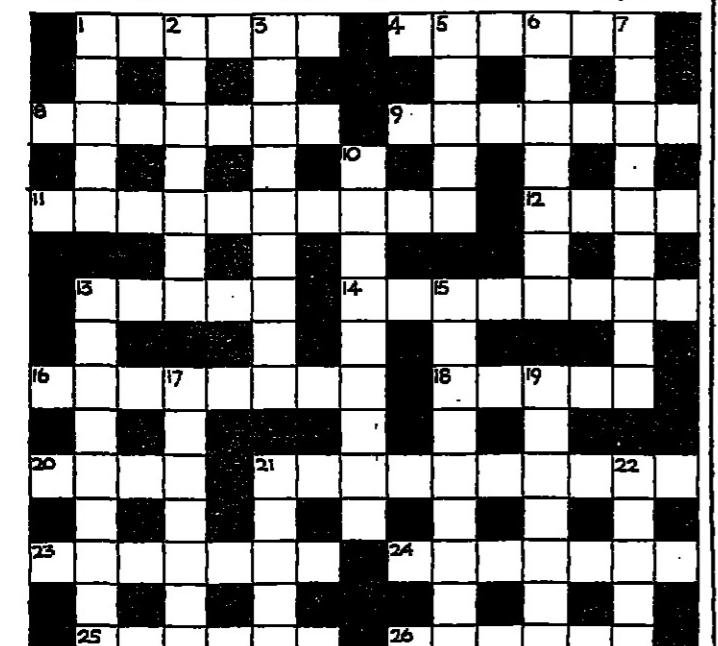
12.45 p.m. News. 1.00 Pebble Mill. 1.45 Fingerbobs. 3.53 Regional News (except London). 1.55 Play School. 4.20 The Wombles. 4.25 Jackanory. 4.45 Coopers and the Ghost Chasers. 5.00 John Craven's Newsround. 5.10 The Canal Children. 5.35 Ivar the Engine. 5.40 News. 5.55 Reporting England. 6.25 Nationwide.

7.00 The Superstars. 8.10 Softy, Softy: Task Force. 9.00 News. 9.25 The Story of the Summer Wine. 9.35 Sports Quiz. 10.35 Who Are The SNP? 11.35 Tonight. 12.05 a.m. Weather / Regional News.

All regions as BBC 1 except at the following times:

Wales—5.10 p.m. Mac Gae I Stori... 5.30 Crystal Tipts and Alistair... 5.55-6.20 Wales To-day. 7.00 Heddie. 7.20 Fo A Fe. 17.50- 8.10 Laurel and Hardy in "Tit for Tat." 12.05 a.m. News and West (Plymouth).

### F.T. CROSSWORD PUZZLE No. 3,254



6 Company joining motor club takes the French boat (7)

7 Put up with puffer having emergency water supply (5, 4)

8 Where camp cooks feels at home in the deep south (5, 4)

9 Old-fashioned member standing by umpire (6, 3)

10 Frost is to vary spin to decide (4, 3, 2)

11 Cloth stiffened by two beasts (7)

12 Inspect what used to be belonging to me (7)

13 Builder joins mother and child (5)

14 Distinguish youth leader on TV (5)

15 SOLUTION TO PUZZLE No. 3,253

16 Strange business having drink on journey (3, 2)

17 Business colleague takes care of a chap' (7)

18 With fewer engagements individual is first class (6, 3)

DOWN: Strange business having drink on journey (3, 2)

19 Business colleague takes care of a chap' (7)

20 With fewer engagements individual is first class (6, 3)

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117 SOLUTION

The Financial Times Wednesday December 8 1976

Review

# Shallow waters

by CHRIS DUNKLEY



Laurence Olivier in 'The Collection' (Granada)

thering Olivier, Alan Bates, Jim McDowell and Helen Mirren all into one studio and getting Michael Apted to direct them while they act it like calling Escoffier. It's Carrier, Graham Kerr, Fanny Cradock all into the kitchen and then asking Mrs. Johnson to take charge while make toast.

A result, presumably, would come of the world's best—or in the case of Adams' first play in their "Olivier Presents" series, some of the world's best. But so what? How much admirable it would have to put that tremendous of acting and directing it to work on something worthwhile.

It gives Pinter his due. In last 20 years he has done than any other playwright extend that body of work depends for its effect the intrusion of a dominant, aggressive, or simply unengaging character on a calm, quiet, discrete situation. It is an almost incredibly genre, but undeniably he has exploited it as no playwright has.

is the fact (noted repeatedly admiring critics) that his is nearly always characterized by "ominous pauses" or "nacing hiatuses"; it is at the creation of the terminately threatening sphere.

use of the banal dialogue necessary to the so-called "atre of the absurd" is more near as impressive as implied when his plays first aired in the early sixties, there are many writers in the theatre and television now who a greater aptitude than his during the mundane chases of the bus queue.

Ward, N. F. Simpson, Jack Rosenthal are among

why some promptly to

Nevertheless, he does have only good ear for idioms

it when you have said that, have been rather generous he saying, you have said it

Collection, which we are

Sir Laurence himself said

as "the best play of

year 1960" tells of James' visitng Bill, a dress

gown (McDowell) who lives

Harry (Olivier) to investigate

the suggestion that James' Stells (Mirren) also a dress

gown, sleep with Bill in a

hotel.

one action which is essential

to the very existence of this

—Bill's admission of his

mysterious, and often

James into his house—is

completely unconvincing. No

that you or I know would

a rude stranger of this

in, yet there is not even

attempt within the play to

make the viewer care that

Bill and Stells did or did not

go to bed together.

I have heard it suggested that

Pinter could apparently think of whether or not I could see into the characters face to face. Once

they had met, and the subject

of the adultery is finally revealed

—once the situation has been

milked for all the menace and

mystery that can be squeezed

from it—we are left to realise

that the atmosphere of threat

was completely artificial. It is

as though one of those Hammer

films about mysterious ancient

forces were to leap up to a

climax in which the sinister

tomb is opened revealing abso-

lutely nothing: a complete cop-

out.

Yet, surprisingly, that is not

the worst fault of *The Collection*.

Much worse is its inability to

make the viewer care that

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## EUROPEAN NEWS

# USSR reduces growth in trade deficit with West

BY DAVID SATTER

THE SOVIET Union is continuing to reduce the rate at which its trade deficit with the West is expanding, and appears to be second quarter and only 11 per cent during the third quarter.

Official Soviet trade statistics show that the Soviet deficit in trade with the West increased by only Roubles 22m. (£22.42m.) the deficit with the developed capitalist countries for the whole during the third quarter of 1976, should be lower than the comparable sum in 1975.

This year's third quarter deficit with the West brings the USSR's total deficit with the developed capitalist countries to the Third Roubles 25m. for the first nine months of 1976, compared to a like deficit of Roubles 23.718m. Union's overall trade deficit, (\$1.921m.) for the first nine months which stood at 1,543m. roubles.

## Khedaffi's Moscow talks

BY OUR OWN CORRESPONDENT

MOSCOW, Dec. 7.

THE LIBYAN leader, Colonel Khedaffi, began his second day of talks with top Kremlin leaders today amid signs that he still has no intention of relaxing his objections to any Middle East peace formula which implies recognition of Israel.

The importance that the Soviets attach to the meeting with Middle East situation Colonel Khedaffi is believed to be a prelude to a Soviet Middle East peace initiative following the in-

agreement of President Carter Egypt.

## Kadar defends Western parties

BY PAUL LENDVAY

VIENNA, Dec. 7.

MR JANOS KADAR, the Hungarian leader, today defended the Western Communist parties against accusations of anti-Sovietism and differences.

He said that even though his therefore contradicted Mr. Todor Zhivkov, the Bulgarian President, who in a recent article Kreisly, was a Social Democrat stated that "Euro-Communism was a new form of anti-Sovietism."

It must be added that the question referred to an Czechoslovak paper but omitted that he was considering Mr. Zhivkov's article in the December issue of the monthly Problems of Peace and Socialism, which is printed in Hungary but published under the auspices of an editorial board composed of the representatives of 51 Communist parties.

Mr. Kadar, speaking freely and visibly, said that he was dealing with ticklish questions. Mr. Kadar confirmed that he was planning to visit West

MOSCOW, Dec. 7.

## Gaullists protest at printers' expulsion

BY ROBERT MATTHEWS

PARIS, Dec. 7. FRANCE WAS without newspapers to-day for the third time in five days as the result of a printers' strike in protest against the expulsion by police last Sunday of workers who had been staging a sit-in at the Parisian *Liber* paper for the past 20 months.

The USSR had a trade surplus of \$21m. roubles (542m.) with the socialist countries during the first nine months of 1976, compared with a surplus of 257.9m. roubles (228.2m.) for the comparable period last year, and a surplus with Third World countries of 458m. roubles (257.1m.) during the first nine months of 1976 compared with a surplus of only 18.1m. roubles (215.5m.) during the comparable period of 1975.

The brighter Soviet trade outlook reflected in these latest figures is being attributed to the USSR's ability to put a tight hold on imports of manufactured goods, while expanding their exports of raw materials, particularly fuels.

A large portion of this year's deficit with the west was unavoidable—40 per cent of this year's trade deficit is the cost of imported U.S. wheat, and the Soviet Union has also had to import large quantities of wheat from Canada and Australia because of the disastrous 1975 grain harvest.

With this year's good harvest, however, wheat imports are expected to decline, while the prospects for increased exports of raw materials should continue to improve.

## Dutch, Swiss in talks on war crimes suspect

BY MICHAEL VAN O

AMSTERDAM, Dec. 7.

DUTCH JUSTICE Minister Mr. Dries van Agt flew to Switzerland this afternoon to discuss with the Swiss authorities the case of Mr. Pieter Menten, the 77-year-old Dutch millionaire who left Holland last month, a day before he was due to be arrested on suspicion of having committed war crimes and collaborating with the Nazis.

Mr. Menten and his wife were staying in a Swiss hotel when they were arrested last night.

Mr. Menten's disappearance on November 14 caused a major political storm in Holland after it became known that five days had lapsed between the decision, and the attempt, to arrest him.

There were hints that more than procedural hitches might have been involved. Mr. Menten was reported still to have some powerful friends in Dutch political circles and it was suggested that he might have received prior warning.

A number of official investigations into the question of Mr. Menten's departure from Holland are due to be completed shortly.

1. BANK OF AMERICA
2. CITIBANK
3. CHASE MANHATTAN
4. MANUFACTURERS HANOVER
5. CHEMICAL
6. MORGAN GUARANTY
7. CONTINENTAL ILLINOIS
8. BANKERS TRUST
9. FIRST NATIONAL, CHICAGO
10. SECURITY PACIFIC
11. WELLS FARGO
- 12.
13. CROCKER NATIONAL
14. UNITED CALIFORNIA
15. IRVING TRUST
16. MELLON
17. FIRST NATIONAL, BOSTON
18. NATIONAL BANK OF DETROIT
19. FIRST PENNSYLVANIA
20. BANK OF NEW YORK

# Can you name the 12<sup>th</sup> largest bank in the U.S.?

We're a worldwide banking system with \$9.2 billion in deposits, which includes \$2 billion in personal savings.

We have \$541 million in capital, \$80 million in reserves, and \$10.5 billion in assets.

We have 316 branches throughout New York State and 29 offices throughout the world. Have you guessed our name yet?

We have our international operations based in New York City's financial district,

with key people in the world's major money centers. We have extensive experience in foreign exchange and in foreign currency management. Do you need another clue?

We do business with half of the leading U.S. national and multinational companies on the "Fortune 500" list. And over 750 banks in more than 130 countries.

Now do you know who we are? We're the Marine Midland Bank.

## Official figures spell out low Spanish economic growth

BY ROGER MATTHEWS

THE GROWTH in Spain's Gross Domestic Product this year will be less than 2 per cent in real terms, according to estimates just released by the Institute of Statistics. The latest Ministry of Industry survey of business opinion reports, meanwhile, a further decline in industrial production figures in October and a rise in stock levels due to a weakening of demand.

These two assessments serve to confirm the impression that

the small indications of economic recovery witnessed earlier in the year have not been maintained. The Ministry of Industry's monthly review is particularly depressing and says that the present Cabinet is not willing to contemplate.

The banking sector is the latest to be threatened by strikes.

The seriousness of the economic situation has led several party political leaders to urge stability of a total walk-out

MADRID, Dec. 7.

## Libyans want Fiat management role

By Tony Robinson

ROME, Dec. 7. IN AN interview published in this week's *L'Espresso*, magazine, the two Libyans entrusted to represent the Libyan Arab Foreign Bank on the Fiat Board are reported as planning to play a role in the management of the company.

Mr. Ragel Missalati, Deputy Governor of the Libyan bank, is quoted as saying "we have no intention of limiting ourselves to merely cashing our dividends... we do not want to act as pure investors but we want to intervene in the management of the company."

This has been interpreted in the Press here as consolidating Fiat's position in Libya. According to Mr. Missalati, the Belgian

Government has taken a purely financial stake in the company. Fiat spokesman, however, deny there is a contradiction pointing out that the Libyans, in direct negotiations with Fiat, agreed to pay

£1m. 600 or over three times the then market price, for their new shares largely because this assured them two seats on the 15 man Board and one seat on the five man executive committee.

This gives them a minority voice on the Fiat board and therefore the right both to be informed and have their views heard about Fiat strategy at the highest level.

One of the other main doubts surrounding the Fiat-Libyan deal concerns the future of the Fiat controlled newspaper *La Stampa*, whose editor Sig Arigo Levi is a Jew. Three years ago Cesare Redaelli threatened to put Fiat on the Arab boycott list if Sig Levi was not fired for having published a highly irreverent article about Khefafi himself. Sig Agnelli refused to fire Sig Levi who remains at his post.

to bring forward next summer's December 12.

Tindemans disappointed at EEC

BRUSSELS, Dec. 7.

A HARD-HITTING attack on the failure of EEC Governments to implement the recommendations of his European union report has been launched by Mr. Leo Tindemans, the Belgian Prime Minister.

In a speech for delivery to the Foreign Affairs Club of London to-night — read in Mr. Tindemans' absence because of his external policy, closer economic and monetary integration, and more responsible regional and social policies, a Europe

of the citizen, and more authoritative and efficient EEC institutions.

But the conclusions of the Foreign Ministers' study of the concrete suggestions in his report have been "more than disappointing. Several proposals

were discarded because there was no agreement, others were described as premature. Among those which were considered positively, many have been

disputed by the Belgian Government.

Mr. Tindemans said that the idea of "innovation a new start

which can be found explicitly or implicitly in every page of my report". In addition, the report submitted last week to the Hague council of Common Market leaders.

But the Belgian leader rejected the suggestion that the Hague summit had buried his report. "In fact, the programme is accepted, but its implementation which expires on December 31, will have to wait for better days," he said.

## Belgian political crisis

By David Buchanan

RAPIDLY INCREASING strains down the Government, has set inside his coalition has led Mr. Tindemans to cancel his trip to London to-night to deliver a speech to the Foreign Affairs Club. The Belgian Prime Minister is now faced with having to completely rethink a Ministerial re

applied to him. He has been planning or delayed in a crucial Budget debate on Thursday.

The trouble has come from a not unexpected quarter — the Foreign Department. Mr. Tindemans has other pressing business too. He is due to announce in Parliament tomorrow how he intends to replace the

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## AMERICAN NEWS

Court move causes fears on bussing  
By David Bell

WASHINGTON, Dec. 7. A NEW decision by the U.S. Supreme Court on the controversial question of school bussing has renewed fears among some civil rights leaders that the nation's highest court may be softening its insistence on the need to integrate the country's public schools.

In a complicated but very important case, the court asked a lower federal court to reconsider an order for large scale bussing to achieve racial balance in the Austin, Texas school system. This court had ruled that there was extensive discrimination against black and Mexican American school children, but the Justice Department filed a suit pointing out the danger that the Austin system might be used as a precedent in other cases.

In response to this, the court said the real issue was not whether there were schools at which an overwhelming majority of pupils were black or Spanish speaking but whether the creation of effectively integrated schools was the deliberate intention of the Austin authorities.

At stake in this case and in others is the question of whether the court should take compulsory integration a stage further and order it in cases where schools may be heavily black because they reflect the area in which they are situated. The court appears to be arguing that in cases like this, there is no intention to discriminate and, therefore, there should be no bussing.

## House election improves Carter-Congress relations

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, Dec. 7.

MR. JIMMY CARTER'S chances of an harmonious relationship with Congress were considerably enhanced late yesterday when Congressman Jim Wright from Texas emerged as the surprising winner of the contest to become the influential Public Works Committee next year had he not due to choose their new leader for the Majority Leadership.

Mr. Wright, a moderate Democrat whose political philosophy is in line with Mr. Carter's, will now team up with Congress man "Tip" O'Neill, selected as the new Speaker of the House in succession to Mr. Carl Albert (who is retiring) to form the new Democratic leadership in the House.

In the election by House Democrats, Mr. Wright squeaked through by one vote over Congressman Phillip Burton from California after three ballots between the four original contenders. Mr. Burton had led in the first two rounds which eliminated Congressman McNall of California and Bolling of Missouri. Mr. Wright edged past him in the final run off by 148 votes to 147.

Mr. Burton is an aggressive liberal who, it was thought, would push hard for social programmes on which Mr. Carter and Mr. O'Neill might prefer a cautious approach. There is also public dissension between Mr. Burton and Mr. O'Neill which might, in the opinion of some observers, have prompted the ambitious Mr. Burton to go his own way.

Mr. Wright, on the other hand, likes to see himself as a bridge builder between liberals and con-

servatives and north and south, upbraided by the House for conflict of interest earlier in the year, from his sub-committee hierarchy and would almost certainly have become chairman of himself.

Democrats in the Senate are due to choose their new leader early next month. The leaders interviewed this morning, Mr. Wright acknowledged that one of the thorniest current Congressional problems concerned the ethical standards adhered to by the Representatives, now under fire in the light of the South Korean bribery allegations.

He said that he thought the current code of ethics needed updating. However, in the recent past, he has not shown a great willingness to pursue those

Democrats identified with the practice of one form or another.

Asked at the weekend for

example, if he would support a

move to depose Mr. Robert Sikes, Senator Ernest

"Fritz" Hollings from South Carolina.

The Republican leadership in the House, due to be decided on Thursday, seems likely to remain largely unchanged, being back in a "recession" an assessment that some independent economists would probably regard as a little too gloomy.

At the same time Mr. Lance retreated a little from his earlier statement that a tax cut was a near certainty, saying instead that while this remained the leading option it was only one of several being studied by Mr. Carter. The President-elect has already made it clear that he is waiting for further economic signs before finally making up his mind on the measures needed.

There are some indications that his advisers, worried by the very low spending intentions of most sectors of industry, are now considering a temporary increase in the investment-tax credit from its present level of 16 per cent.

## Survey points to need for stimulus

BY STEWART FLEMING

NEW YORK, Dec. 7.

THE LATEST Government survey of corporate capital spending intentions in the first half of next year, which suggested that companies intend to reduce sharply the rate of growth of capital spending may finally "convince" Mr. Carter of the need for a new economic stimulus as soon as his takes office.

Mr. Bert Lance, a close adviser of Mr. Carter's and his new Budget Director, told a television interviewer this morning that the country was "dangerously close to going back into a recession" an assessment that some independent economists would probably regard as a little too gloomy.

At the same time Mr. Lance

they may have to wait up to six months' more for any rate increases. For example, he suggested that premiums applications would have raised were unnecessarily inflated and premiums by between 9.5 and 13.5 per cent for about three record profits. He asserted quarters of the State's motorists that the industry had overestimated the New Jersey situation and investment losses.

One industry observer commented that the first be could, in fact, indicate a specialist and remember in the past year where

yesterday that the tough line adopted in New Jersey was likely to have some impact on the positions adopted by other State commissioners.

He said that during the past 18 months the cost of motor insurance for a middle-aged male with a good driving record had probably risen about 50 per cent. in auto and motor insurance, and New York. Fully comprehensive insurance for such a driver a public stance criticising the probably costs in the region of \$400 to \$500 a year.

There have already been some indications that officials at federal and State levels have been adopting a more questioning approach to rate increases. Yesterday, the New Jersey Commissioner rejected suggestions that his decision might lead to rise quickly. In the U.S. other companies to stop writing insurance premium rates are motor insurance in the State.

## Alaska pipeline finally in place

ANCHORAGE, Dec. 7. THE ENTIRE 800-mile trans-Alaska oil pipeline is finally in place.

The last section of 48-inch pipe was laid Sunday in rugged Thompson Pass 20 miles northeast of the terminal at the ice-free port of Valdez, the Alyeska Pipeline Service Company reported.

The first section was installed some 20 months ago at the Tonina River about 85 miles north of where the final link was set in the \$7.7bn. project.

### Pumping

A spokesman for the Alyeska Pipeline Company said the pipeline from the oil-rich North Slope area above the Arctic Circle is scheduled to come on stream in mid-1977.

The line is expected to begin pumping at 600,000 barrels per day, reaching the initial capacity of 1.2m. barrels within a few months.

Even though all sections of the pipe are in place, they are not yet all connected by welds. About 150 miles of the line, most of it in the far northern section—must be water-tested next Spring before the welding can be completed.

UPI

## Currency support erodes Canada's \$U.S. holdings

BY VICTOR MACKIE

OTTAWA, Dec. 7. THE CANADIAN Government spent \$802.8m. of its U.S. dollar holdings to support the Canadian dollar last month. Finance Department Figures show Canadian Central Bank intervention eroded official monetary reserves to \$2.71bn., their lowest level for many years. By selling its U.S. dollar holdings, the Bank of Canada mopped up the excessive supply of Canadian marketable following the Parti Quebecois election victory.

The Canadian dollar fell almost 6 per cent in terms of the U.S. dollar sliding from a premium of 3 cents to a discount of more than 3 cents.

M. Claude Morin, Quebec's Intergovernmental Affairs Minister, and M. Jacques Parizeau, the Quebec Finance Minister, made it clear yesterday that the province's new Government will continue to bargain for Federal finance as a province within the federation, despite the long-range possibility of secession.

At remarks prepared for delivery during two days of closed-door discussions between the Federal Finance Minister and his ten provincial counterparts, however, M. Parizeau lashed out at "Federal parsimony" in allowingances to the provinces.

Earlier the Federal Finance Minister, Mr. Don Macdonald, all-night bargaining were not rejected Quebec's demand that immediately available.

## Waldheim reappointed as UN Secretary-General

AUSTRIAN diplomat Kurt Waldheim, 57, yesterday won a second five-year term as Secretary-General of the United Nations despite Indian Chinese opposition. Reuter reports from New York.

China, which wanted Waldheim of the Third World, tried to stop his re-election by casting a veto at a closed-door meeting of the UN Security Council when it met to decide on the appointment. But only four of the 15 nations on the Security Council, including China, voted for the other official candidate, former Mexican President Luis Echeverria.

The result was that in the second ballot, Chiqui withdrew its veto.

Mr. Waldheim, reserved and discreet, then won his second term in the world's top diplomatic job. He received 14 votes, and there was one abstention.

### Peru devalues again

THE Peruvian currency was devalued yesterday for the second time this month and was fixed at 68.32 sole for one U.S. dollar, compared with 80.00 previously. AP-DJ reports from Lima. This is the 17th mini-devaluation this year.

### Argentina accused

Argentina is in a state of civil war and violence and torture are widespread. This was stated yesterday by Father Patrick Rice, an Irish Jesuit, expelled from the country on Friday. Speaking at a press conference in Lima, Father Rice told how he had been seized by unidentified gunmen in Buenos Aires, tortured by men claiming to be members of the Argentine Anti-Communist Alliance and kept in police custody in Buenos Aires and La Plata. Before being deported he was cleared of having committed any offence.

### U.S. 'smart bombs'

THE U.S. Air Force has developed the so-called "smart bombs" of the Vietnam era into a longer-range weapon that could be used with a nuclear warhead by strategic bombers or tactical fighters, according to Defense officials, UPI reports from Wash-

## X-ray foils bomb attempt

WASHINGTON, Dec. 7.

A WASHINGTON police bomb squad removed the package containing a bomb from President elect Jimmy Carter's transition headquarters and successfully defused the bomb outside.

The bomb was contained in a package found in the mailroom of the fifth-floor offices in the Department of Health, Education and Welfare building being AP-DJ

## Where to go for a good time.

Flying Pan Am to the States is like having a great night out, whatever the time of the day.

For a start, you're looked after by charming stewardesses every bit of the way.

If you like going out for a drink, you can have American cocktails, cold beers, fine French wines and the like, brought right to your table.

You want to eat? There's a choice of three entrées in Economy and more in First Class.

Take in a movie? Sure. Our features are normally pre-releases so you would see them even before they show in the West End.\*

If it's music you want, we've got everything from pop to classical – all in stereo!\*

You don't have to leave your seat for any of it, until it's time to come back down to earth. And even then, you'll find yourself not in London, but in the U.S.A. courtesy of the 51st State of America.

Just book through your Travel Agent.

\*Revolving require a nominal charge for entertainment in Economy. It's free in First Class.



THE 51ST STATE OF AMERICA.

**PAN AM**  
The world's most experienced airline.

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## OVERSEAS NEWS

## Seoul plans 9% annual growth

By Our Own Correspondent

SEOUL, Dec. 7.  
THE South Korean government announced today that the country's fourth five-year economic plan will begin next month calling for an average annual GNP growth of 9.2 per cent and commodity exports of \$20.2bn. in 1981.

Economic Planning Minister Nam Duck-won told a news conference that by 1981 South Korea should achieve a trade surplus of \$1.4bn. a year and that per capita GNP will rise to \$1,512 from this year's estimated \$872. About \$10bn. in foreign loans and investments are required to finance the new plan, in addition to domestic funds. Mr. Nam said much of the foreign capital had been assured. He said no emphasis will be laid on developing heavy and chemical industries involving steel, shipbuilding, machinery, petrochemicals and electronics.

## Papua may cut free from Australian \$

By Our Own Correspondent

PORT MORESBY, Dec. 7.  
THE Papua New Guinea government may alter the relationship of the Kina to the Australian dollar if the dollar continues to fluctuate.

This was implied in a statement to Parliament by Finance Minister Julian Chan in which he announced that the exchange rate of the Kina would remain unchanged at K1=\$A1.1512 following the Australian revaluation.

Mr. Chan stressed that PNG wants as much stability as possible in its external exchange rate. The Kina was pegged to the Australian dollar at present for reasons of convenience and because of the close economic links between the two countries.

However, he continued: "Now that Australia has moved to a new system of determining its own exchange rate we in this country have to be sure that we are maintaining our aim of stability no matter what happens to the currency of our neighbour."

If the relationship between the two currencies is to be altered the PNG government has two obvious alternatives: either it can peg the Kina against a trade weighted basket of major foreign currencies or it can remain pegged to the Australian dollar but introduce an automatic adjustment mechanism computed on a trade weighted basis whereby the Kina will move with the Australian dollar but not by the full amount.

## Palestinians die as rival factions clash in Tripoli

CLASHES between rival Palestinian groups near Tripoli had left nearly three dozen dead in the worst outbreak of violence since Arab peace-keeping forces entered Lebanon's major cities less than a month ago, guerrilla spokesmen said on Tuesday.

At least 35 persons were killed and an unknown number wounded in fighting that broke out on Monday night at the Nahr el-Bared refugee camp near the northern city of Tripoli, a spokesman of the Palestine Liberation Organisation said in Beirut. The dispute underlined the feeling between the Syrian-sponsored Saqqa group and other Palestinian factions.

The disagreement flared after a quarrel between a member of Saqqa and a member of the Al Fatah, the mainstream group of the PLO, in which the Fatah man was killed. His family and friends are reported to have attacked the Saqqa headquarters in the camp, killing 25 of its members, according to the PLO spokesman.

A Saqqa spokesman said the incident was "not very important" and that the Syrian-dominated peacekeeping force did not

intervene. The PLO news agency Wafa condemned "the irresponsible use of weapons."

"It is a sign of the danger

## WEST BANK RIOTS

ISRAELI soldiers fired into the air and heaved tear gas canisters at rock-throwing, masked Arab youths in Nablus yesterday to break up a demonstration against occupation policies on the West Bank of Jordan, UPI reports from Tel Aviv.

Businessmen in Nablus and Hebron, the two largest towns on the West Bank, closed their shops to protest at a new sales tax.

Other towns were quiet but Arab sources said the business strike would go on until authorities rescind the 8 per cent value added tax, which went into effect in Israel in July.

presented by those who conspire against the Palestinian revolution and who now are trying to instigate Palestinian-Palestinian fighting in the camps so as to weaken

UPI

BEIRUT, Dec. 7.

the political and military stance of the Palestine revolution," it added.

• CAIRO: War Minister Gen. Mohammed Gamasy said in a newspaper interview published Tuesday that Egypt would go to war against Israel "immediately" if the Jewish State attacked Syria.

The man was seriously injured

and is under police guard in hospital. A black waiter was slightly hurt but no diners

were hurt. Two women were treated for shock.

The restaurant is in the Carlton

Centre, a 50-storey block of

shops and offices. Police said

the black man with the

dynamite walked into a

crowded German-style beer

garden at the restaurant. The

dynamite exploded in his

hands as he placed it on a

table.

Surprisingly, although school

children in Soweto and in Cape

Town's black locations have suc-

cessfully organised several two-

or three-day stay-aways from

work, the country's factories

themselves have generally re-

mained quiet. The one or two

recent industrial disputes were

not related to the Soweto up-

heavals.

It is all the more astonish-

ing—and ominous—that the

Government should have started

to suppress the black labour

movement. In the past few weeks

it has banned 27 trade unions

and some members of university

associations commissions, thus restrict-

ing them from holding office, be-

ing a member of periodically

listed organisations, moving to

another district being quoted in

the Press, and from many other

activities.

The black unions' brave

promises about soldiering on

despite the Government's op-

posite cannot conceal the ef-

fect of the ban on repeating the

pattern of destruction by Mr.

John Vorster, then Minister of

Justice of the South African

Liberal Party in the 1960s. One

leader after another was removed

by banning, mutilating the party

so severely that legislation pro-

hibiting multi-racial political

parties passed in 1968 came as a

merciful release. The party was

able to dissolve itself with

no relax vigilance.

Tourism sources confirmed

that the unrest which started

last week bands of young

Africans, most of them school-

children, attacked the homes

of alleged police informers,

burnt their belongings and

gutted their houses.

Violence took a turn for the

worse when bands of young

Africans, most of them school-

children, attacked the homes

of alleged police informers,

burnt their belongings and

gutted their houses.

The rash of bushfires caused by

over-like weather conditions in

Australia's New South Wales

State yesterday spread into the

adjacent South Australia State

and forced the evacuation of 600

children from a national park

in the new, enlarged 65-seat Parlia-

ment.

The first U.S. bank to reopen

Central Bank and now ready to

reopen its doors is

Prudential.

No accurate estimate has yet

been made of the total losses of

the Lebanese economy, but

unofficial economic sources put

these losses at about \$500m.

On the agenda of the meeting

was a host of subjects

covering the future policy of the

Bank of Lebanon.

Prudential

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## WORLD TRADE NEWS

# Japanese steel production to be reduced—Nippon

JAPANESE steel mills are planning a production cutback in the third quarter from 28.5m. tonnes in the second and 27.5m. in the first.

Nippon Steel said the expansion was helped by unexpectedly high export and domestic demand, the Nippon Steel Corporation said to-day. It expects Japanese crude steel output in the next quarter to be reduced by about 2m. tonnes from 28.5m. tonnes estimated for the current quarter. Kawasaki Steel and Nippon Kokan Kalska have emphasised the need for such a cutback, it said.

Japanese steel production has increased since early this year, against increased exports of

28.5m. tonnes in the third quarter from 28.5m. in the second and 27.5m. in the first.

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## Shared shipbuilding 'unacceptable'

BY DOUGLAS RAMSEY

APAN could not accept an EEC proposal to share out new shipbuilding orders equally between European and Japanese shipbuilders, according to a spokesman for the Ministry of Transport. The official was commenting on news reports from Paris that the European Commission has put forward such a proposal in the first day of talks inside OECD working party on shipbuilding.

Tokyo has agreed to talk bilaterally with the EEC about shipbuilding but has not yet answered Brussels' invitation to meet before Christmas. In fact, the Transport Ministry and Japan's shipbuilders still take the view that few concessions are in-order until the EEC lives up to multilateral undertakings inside the OECD to reduce shipbuilding capacity unless they have some sort of guarantee that Japan will not take a disproportionate number of new shipbuilding orders.

Figures provided by the Japan Ship Exporters Association show that in the first three-quarters of 1976, Japan took 52.5 per cent. of new orders (745 vessels) while Europe took 20.5 per cent. (493 vessels). Although the Association admits that Japan took a bigger share than they had in 1975 (49.1 per cent.), the statistics also show that Europe's share of the market has remained stable as Europe secured 20.1 per cent. of new orders last year.

Japanese shipbuilders also say a market-sharing arrangement with Europe will be unworkable because it would not cover major new shipbuilders, notably in South Korea, Singapore and other Asian countries.

## Record U.K. carpet sales

By Rhys David,

Textiles Correspondent

BRITAIN'S CARPET industry is now set for record export earnings in 1976 with sales abroad likely to exceed £100m. In the first nine months of the year exports totalled £75m. on volume sales of 27.6m. square metres.

The figures compare with overseas sales for the first nine months of last year of £50.3m. and 19.6m. square metres, and reflect improvement in overseas demand and the increased competitiveness of the U.K. industry's products as a result of devaluation.

Sales in the EEC countries rose to £33.7m. compared with £20m. for the same period last year, and there was also a substantial increase in sales to the Middle East—up from £4m. to 18.8m. Other important markets so far this year have been Australia (£8.1m.), Denmark (£7.8m.), Ireland (£7.5m.) and West Germany (£7.5m.).

Sales of tufted carpets amounted to 18.6m. square metres by volume and £38m. by value and sales of woven carpets to 8.6m. square metres by volume and £36.2m. by value.

## \$78m. airports project

Sudan's Department of Civil Aviation is inviting contractors to submit pre-qualification documents as a preliminary step towards tendering for the implementation of the country's \$77.8m. airport development programme.

Finance for the programme has already been committed by three external sources: \$40.6m. by the World Bank Group, \$21.3m. by the Riyadh-based Saudi Development Fund which was set up in May 1974, and \$16.75m. by the European Economic Community.

The new airports to be built at Port Sudan, the country's only seaport, and at Wau, capital of Bahr el Ghazal Province. Other airports are to be improved.

**Supports for U.S.** Gullik Dobsen International has won an order worth approximately £750,000 to supply hydraulic supports to the Materials division, a division of Consolidated Coat of America. The Wheaton-based company is the largest manufacturer of powered roof supports in the world.

**Ship conversion** Davy Shipbuilding of Quebec City has won a \$27m. contract from Hall Corporation, an American-owned shipping company located in Montreal, to convert three of its ships of 20,000 tons each for use on Great Lakes routes. The contract was won against competition from Britain and Japan.

**Fleet stiffer** Abdel Rahman Sultan, director of the new Arab Maritime Petroleum Transport, said in Kuwait that the "Ferdous" Arab oil tanker fleet he heads is being

strengthened at birth" by major oil companies and shippers. He called for volume guarantees from OPEC countries.

### Camps for Iran

Portakabin, York, has won a £750,000 contract with the Oil Service Company of Iran for provision of two construction camps in the Gachsaran area of Iran.

### Diesels for Bolivia

A group of three Japanese companies has signed a Yabu contract to supply 16 diesel-electric locomotives to the Bolivian National Railways. Mitsubishi Heavy Industries said the other two companies are Mitsubishi Electric and Hitachi.

### Kuwait project

The Kuwait Government is planning to rebuild and expand the oil town of Almadai at a cost of £12m., about £2.1bn., according to Kuwait newspaper reports.

### Medical order

Shamming International's medical division has won a £260,000 order for the equipping of nine medical centres in Egypt. The whole project including installation and commissioning by Shamming technicians will take six months.

### Cement works

The consultancy services division of the Associated Portland Cement Manufacturers, the Blue Circle Group, has signed a £24m. contract to supervise the construction of a cement works in Morobe, to be built south of Casablanca.

### Israel drilling

The first oil drilling venture of Northern Sinai was started last week by a British vessel chartered by the Israeli Government company "Hamah" for a period of one year, reports our Tel Aviv correspondent. It is believed his firm, with wide experience in drilling in various parts of the world, "the Israeli Government is now spending a considerable amount of money on prospecting in various parts of the country both in the north, the coastal Sea area.

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# Six bids made for Venezuela Railway

BY JOSEPH MANN

CARACAS, Dec. 7.

Companies from six countries yesterday entered bids for the construction of a 700 km. railway in the country's southeast industrial region, to the Tuy Valley, which will be the first stage of the Government's plan to build over 1,500 kms. of line by the beginning of the next decade.

Companies from West Germany, Brazil, Canada, the United States and Italy and a Venezuelan-Spanish consortium presented the Government Railway Board with bids ranging from \$950m. (Canada) to \$2.585m. (West Germany), according to local accounts.

It was also reported that Belgium, France and Japan did not present offers yesterday.

The bids offered yesterday were: West Germany \$2.585m., Brazil \$1.63m., Venezuelan-Spanish consortium \$1.35m., and Canada \$950m.

These estimates were made in 1974, he added, and thus will be affected by inflationary factors.

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A decision on the bids should be made early next year. The Government had estimated total expenditures for the stretch down to 182m. tonnes by 1983-84 and to 183m. tonnes by 1985-86.

Trial shipments of Indian coal have already been made to European countries and its offload. Instead of installing four fixed platforms in each of the two stages, ONGC proposes

of energy in view of the rise in crude prices. It expects its stages.

## Differences arise on textiles

By David Egli

GENEVA, Dec. 7.

THE EUROPEAN COMMUNITY and the U.S. were sharply opposed today over the renewal of the multi-fibre arrangement which regulates world trade in textiles and expires at the end of next year.

A decision on the bids should be made early next year. The Government had estimated total expenditures for the stretch down to 182m. tonnes by 1983-84 and to 183m. tonnes by 1985-86.

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of energy in view of the rise in crude prices. It expects its stages.

# India gives priority to coal investment

BY K. K. SHARMA

NEW DELHI, Dec. 7.

INDIA'S Government-owned Coal India plans to invest about Rs400m. (\$220m.) within the next 10 years to increase production from its mines for sale both in the country and abroad. Hope is that coal exports will be of the order of 10m. tonnes by 1983.

The company has formulated a 10-year plan for development that the current year's production of about 113m. tonnes increases to 182m. tonnes by 1983-84 and to 183m. tonnes by 1985-86.

Mr. Benedict Meynell, the Community representative, said after today's meeting that the Community would not agree to an extension of the MFA at present. He has called for a re-negotiation of the MFA taking into account the differing degrees of import penetration into consumer markets and the cumulative impact of the whole range of textile imports.

According to the Community, a renegotiation would also have to provide better arrangements concerning the base levels on which growth in imports are permitted, disparities in prices and measures to ensure that traders, in supplying countries, do not resort to massive shipments in an attempt to forestall bilateral negotiations on restrictions.

The new venture will operate mainly between India and Nigeria but it will also carry cargo to European ports. Nigeria hopes to transport some of its crude in the new company's building at Abu Dhabi.

This will be the second ship-

ping line started as a joint venture with another country.

The privately-owned Scindia Steam Navigation Company is venturing to collaborate with the Nigerian Government to start a new shipping line in which Nigeria last year started the Iran-Hind Line in collaboration with Iran and this company has already started making a profit and now to expand its fleet.

Meanwhile, the All-India Shippers Council has strongly proposed the pooling option followed by the India-Pakistan-Bangladesh-U.K. Conference on the basis that this has led to higher freight rates and lack of adequate shipping space.

## New joint shipping line

BY OUR OWN CORRESPONDENT

NEW DELHI, Dec. 7.

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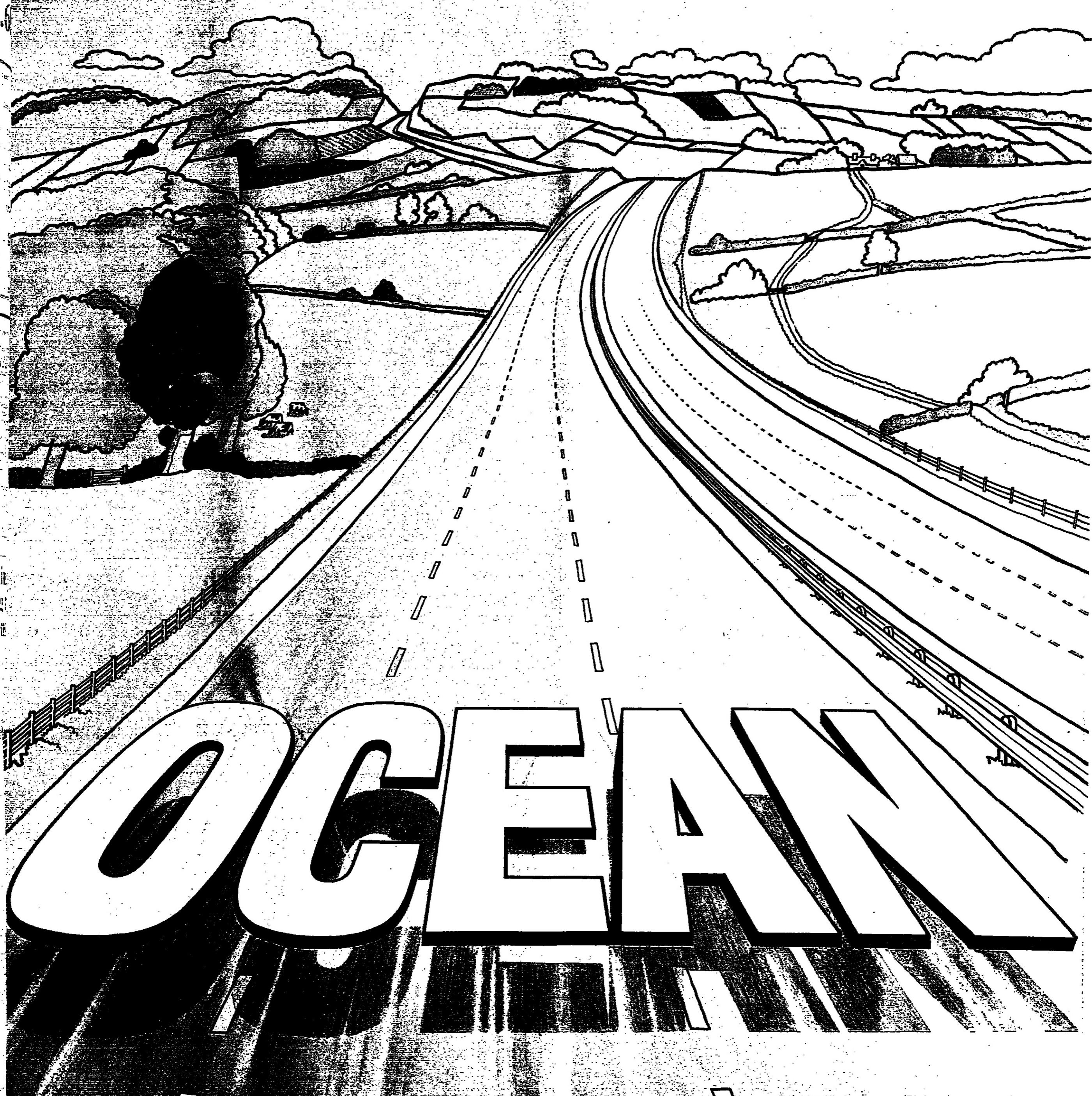
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## HOME NEWS

# Motor industry backs EEC plan on lorry sizes

BY TERRY DODSWORTH AND IAN HARGREAVES

**T**HIS SOCIETY OF Motor Manufacturers and Traders has thrown its weight behind a big, new European initiative aimed at resolving the conflict over heavy lorry weights in the Common Market.

New proposals, which would mean heavier lorries in Britain, will probably be put to the council of Transport Ministers at their meeting in Brussels on December 18.

These are based on three central recommendations on which heavy vehicles would be approved for general circulation throughout the Common Market: that they should not exceed 40 tonnes maximum laden weight; that they should run on five axles; and that they should conform to dimensions similar to those currently allowed in most member States.

There are high hopes in Brussels that the plan will provide an acceptable compromise to one of the thorniest issues on transport policy. Extensive negotiations with European manufacturers and trade associations over the last few months have shown a consensus developing along these lines.

**United front**

In Britain, there is no doubt that the society, along with the principal road haulage organisations, would support such a solution.

A lot of work has been going on behind the scenes in the U.K. during the past few months to bring all the interested parties together in a united front on the issue.

The SMMT is hoping to present the Ministry of Transport and the Department of Trade with a document early next year arguing a similar case to that prepared by the EEC officials.

## Overseas companies moving to Wales

BY RHTS DAVID

**O**VERSEAS companies are now making a significant contribution to the Welsh economy, with more than 53,000 employees and fixed assets worth more than £500m., according to a report out today.

Most of the investment has taken place since 1964 with 127 companies involved at the end of 1974.

The report, sponsored by the Development Corporation for Wales and the University of Wales Institute of Science and Technology, is written by Professor Glynn Davies and Dr. Ian Thomas. It points out that one effect of the overseas invasion—mostly by North American companies—has been to help Wales achieve a much more broadly-based industrial structure.

The 127 overseas companies represented in Wales produce 99 separate product categories in 138 establishments.

Thus some impact is being made on the excessive specialisation in Wales, where a higher proportion of the population than elsewhere in the U.K. still works in steel and coal. The high proportion of turnover devoted to exports by overseas companies in Wales—some 28 per cent in 1974—is also noted.

**Engineering**

The biggest group of overseas-owned companies in the Principality—a total of 39—are engineering concerns, with Hoover, employing more than 5,000 people at Merthyr Tydfil, the largest overseas company. Other important sectors are vehicles—through Ford at Swansea, chemicals—through Shell, Revlon and Park-Davis, and oil—with the principal U.S. oil giants, Esso, Texaco, Gulf and Amoco, operating refineries at Milford Haven.

Altogether some 90 of the 127 overseas companies in Wales are

**NEWS ANALYSIS—LONDONDERRY**

## Shopkeepers despair after blitz

BY GILES MERRITT

**O**N SATURDAY a "Christmas Special" train packed with shoppers will leave Londonderry for a day-trip to Dublin.

Many of those unwilling to make the seven-hour rail journey there and back are expected to undertake the two-hour car drive to Belfast, or visit nearby Coleraine, a mere 30 miles away.

For the physical devastation of Londonderry's commercial centre by Provisional IRA fire-bombs at the weekend is only one facet of the damage being done to the city's retailers and the local economy.

The tight security ring around the shopping zone may not stop the bombers, but it certainly deters the shoppers. And the latest toll of 23 shops destroyed or damaged in a single attack has reduced the range of choice appreciably.

Although a more flexible security system allowing buses into the central area starts this week, fewer restrictions and greater variety elsewhere are the incentives drawing Derry's Christmas shoppers to other towns. Not even Derry's cheaper prices—5 to 10 per cent lower than in other shopping areas—appear to staunch the exodus.

## Amoco's Montrose oil reserves may be lower than thought

BY RAY DAFTER, ENERGY CORRESPONDENT

**T**HE AMOCO GROUP'S Montrose oil field may have lower recoverable reserves, a situation which, they say, was first thought.

The first three production wells, now yielding oil, encountered slightly less than expected, according to industry reports. If the experience is repeated with most of the other 23 production wells, Amoco will probably have to reassess the recoverable reserves of the field.

Montrose was brought on stream in July, since when the offshore loading system has operated above expectations. Consequently, Amoco is not at present altering its view that maximum production of 50,000 to 60,000 barrels a day can be achieved.

It is also felt that the early development information is insufficient to alter the level of recoverable reserves. These are put at between 150m. and 160m. barrels, although some industry analysts have estimated the total as high as 180m. barrels.

Amoco, with its partners (British Gas, Amerada Hess and Texas Eastern) is planning to extract between 45 and 48 per cent of the oil in place—one of the highest recovery factors in the North Sea.

The group has challenged assumptions and conclusions about the field's performance by Professor Peter Odell and Dr. Kenneth Rosing, of Erasmus University, Rotterdam. The oil industry commentators claimed that the Government's assumptions about reserves and recovery rates.

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For instance, Occidental's Piper Field was due to come on stream in spring 1973 but is only now being brought into production.

Consequently, it seems unlikely that the Government's output forecast for North Sea companies were deliberately

understated, possible oil reserves, a situation which, they say, was first thought.

Mr. Norman Rubash, managing director of Amoco, said that

the authors had calculated a maximum recovery rate equivalent to 92 per cent of the total oil-in-place at Montrose. "If Odell and Rosing were right,

Montrose would be one of the most renowned fields in the history of the industry, rather

than what it is, a marginal

North Sea oil field."

Prof. Odell is well-known in the industry for his criticism of oil company attitudes in the North Sea. He has repeatedly challenged the industry's assumptions about reserves and recovery rates.

Piper output

Companies point out that early production experience has not substantiated his claims. So far, only BP's Forties Field is producing oil at a rate above expectation, and even here the level of reserves have not been updated.

Development of several of the fields have been delayed because of a number of factors.

Occidental is the operator for a group consisting of Getty Oil International (England), with a 23.5 per cent stake, Allied Chemical (Great Britain), with 20 per cent, and Thomson North Sea also with 20 per cent.

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Consequently, it seems unlikely that the Government's output forecast for North Sea companies were deliberately

overestimated. The group's other major find, Claymore, discovered in 1974 and 20 miles West of Piper, is one of seven commercial fields in a controversial report that oil this year will be reached. It is to be brought on stream.

## Phase three bonuses must be based on output, says Methven

BY IAN HARGREAVES, INDUSTRIAL STAFF

**A**NY PRODUCTIVITY bonuses included in the next phase of pay policy must be based on genuinely increased productivity, Mr. John Methven, director-general, Confederation of British Industry, said in London yesterday.

Speaking at an Industrial Society lunch he called for greater CBI involvement in the formulation of phase three of the pay policy.

The confederation reluctantly accepted the need for a further round of pay restraint, even though the first two phases had manifestly blunted the ability of companies to reward effort and productivity.

There should be an element of productivity incentive in phase three, but "that is an extremely difficult thing to do, because so often in productivity pay agreements in the U.K. money has been given away before we get the productivity. That would mean severe wage drift in stage three which the country could not afford."

Earlier, he accused the Government of renewing its "witch-hunt" against small businesses and their 5m. employees by reviving the idea of a wealth tax.

The news that the TUC-Labour Party liaison committee was to investigate the possibility of introducing such a tax within the next year will not be the improvement in business confidence we are all looking for.

It was vital that, if phase three

was to be more flexible than its predecessors, the CBI as a representative of managers, should have a key role in its formulation.

The policy would depend on what Mr. Methven called "sweet-and-sour government" at a time when industry needed stability and certainty.

Industry also needs the right economic package from the Chancellor in the next few days if confidence was to be restored.

Two essential components of this package would be public spending cuts of £3bn. by 1980 and an early programme of tax cuts.

There was a hint, however, that the CBI had softened its previous resolute opposition to increases in indirect taxation. Such increases could be counterproductive, Mr. Methven said.

"Only if required to reduce the burden of direct personal taxation."

"Without action in these areas I will promise that there will not be the improvement in business confidence we are all looking for."

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Party



TED BY ARTHUR BENNETT AND TED SCHETTERS

## TRANSPORT

**Electric car venture**

YSLER, which is collaborating in the U.K. with Chloride National Carriers in the development of battery-powered commercial transport, is to be important line in a new venture just launched in the U.S. to develop a city runabout with better performance of the currently available.

Cederal Electric of the U.S. is lead company in the project, bringing its knowledge of tri-drive motors and solid-state controllers, while Triad Services of America will provide engineering advice. ESB Inc. of Philadelphia's expertise in battery development and the U.S. government's Energy Research Development Association (RDA) some \$265,000 of support to fund a preliminary six-month project.

Chrysler Corporation will help team to design a vehicle from the ground up rather than putting together a prototype of the shelf components.

First approach is the one adopted by its collaborators UK have been following. RDA has specified a minimum 55 mph top speed with iteration to 30 mph in 10 seconds. Further parameters are open range of not less than miles on one charge and a charging time of 6 hours.

For operators of fleets of 30 or more vehicles, the service does away with problems of maintaining by hand and monitoring records of this many units.

Two of the first users of the new system are the London Borough of Croydon with 300 of its vehicles, and the Aberdare and Bristol Port Council Company, with 85 vehicles. Croydon has 150 of the fleet on the system now totalling nine.

Regular inputs of vehicle repair and other records are analysed and the fleet operator receives a monthly vehicle cost

project have plans to make or summary which gives a single market electric cars at this line of data relating to each vehicle in the fleet. In a test bed for new components exceeding some pre-determined parameter—mileage per gallon, advanced battery capacities which maintenance costs, or suffering a breakdown—a detailed computer printout is produced for current designs of lead-acid batteries.

Further information from the Electrical Power Conditioning and Control Laboratory, GE (USA) Research and Development Centre, Schenectady, New York U.S.

**Fleet data shows fault trends**

MILLS ASSOCIATES has developed a computerised cost-of-service for vehicle fleet operators, available through any of the group's regional bureaux.

RDA has specified a minimum 55 mph top speed with iteration to 30 mph in 10 seconds. Further parameters are open range of not less than miles on one charge and a charging time of 6 hours.

The vehicle should not cost more than \$5,000 in 1976 terms when put into mass production.

It has a minimum life of 10,000 miles and an operating cost of no more than 15 cents a mile (1975 dollars).

It is a strictly experimental vehicle, it is stressed and neither nor the other partners in the

project have plans to make or summary which gives a single market electric cars at this line of data relating to each vehicle in the fleet. In a test bed for new components exceeding some pre-determined parameter—mileage per gallon, advanced battery capacities which maintenance costs, or suffering a breakdown—a detailed computer printout is produced for current designs of lead-acid batteries.

Further information from the Electrical Power Conditioning and Control Laboratory, GE (USA) Research and Development Centre, Schenectady, New York U.S.

This document covers some 99 mechanical items including exhaust, battery, etc.

The selective nature of this data means that the fleet operator can identify trends quickly in order to take remedial action.

On the other hand he is not inundated with routine information if his fleet is operating within limits.

As well as enabling the history of each vehicle to be followed and weaknesses of particular vehicles to be made to be identified, the data produced is invaluable when new vehicles are being considered for purchase. This is particularly relevant when the vehicles concerned are inherently complex and expensive to repair as are many specialised local authority vehicles such as guillotine empli-

cials. Unlike traditional fleet costing techniques, primarily designed to suit accounting needs, this new system provides detailed mechanical information which is of real value to fleet and workshop management.

In general, costs fall between 50% and 2% per vehicle per year, with 150 of the fleet on the system now totalling nine.

More from Mills Associates, Weston Road, Monmouth, NP3 4YE, 0600 2131.

**SAFETY****Safer glove is more comfortable**

LOSS OF many thousands of working hours in the U.K. is caused by hand injuries when operators of machinery, or manual workers, reject the safety gloves provided.

A new safety glove has been designed to combine comfort (or wearer acceptance) with flexibility and close fit to allow the user to retain his sense of touch while wearing the gloves.

The glove is also covered with a honeycomb web of polyvinyl and cushion transports of various types.

It has been found that accidents most often occur because a glove is not accepted as clumsy or uncomfortable to wear. Even when the glove is removed, the impression is drawn up against a critical time it is removed to still with enough force to trans-

fer the image.

Registration is excellent and even if the surface on which the glove is being done is somewhat irregular, image quality is

reduced.

Made to allow the skin to breathe it cuts down the likelihood of dermatitis which can be a problem when work gloves are worn.

It can be machine-washed without causing any deterioration in the qualities of the glove.

Further details, the Anthony Moor Company, 47, King Street, Scarcroft, Nr. Loughborough, Leicestershire, LE1 6RP (050861 2007).

**PRINTING****Impressions on fragile surfaces**

ALTHOUGH relatively little technical detail has been released concerning it, a process for printing on the most fragile surfaces that cannot withstand crushing by normal printing pressures could be of considerable importance.

Developed under the auspices of the Berlin company, French protagonists of hovercraft and air cushion transports of various types, the equipment links an internal suction pad with a printing surface so that the film is held when it is carried to the impression is drawn up against a critical time it is removed to still with enough force to transfer the image.

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## VAT rate uniformity pressure expected

By Justin Long,  
Parliamentary Correspondent

**THE GOVERNMENT** expects to come under growing pressure from the Community for harmonisation of the VAT rates. This expectation is strengthened by the step to be taken by the EEC in January 1978 for the harmonisation of the way VAT is administered by member countries. Government spokesman, Lord McCluskey, suggested in the Lords last night:

"Harmonisation of the rates of VAT might seem a long way off, he told peers during a debate on the ta. But once the directive on the administration of the tax had been put in final form, the next stage would tend to produce the pressure for uniformity in the rates.

But it would be a pressure that all member countries would feel said Lord McCluskey, Solicitor General for Scotland.

Viscount Amory, a member of the Select Committee which examined the EEC report on VAT administration, maintained that if due flexibility continued, then a reasonable degree of harmonisation in assessment and administration should be obtained without major changes in the U.K. system.

Opening the debate on the draft directive on the arrangements to come into force in January, Lord Amory said the aim was to establish a common system not only of assessment and administration, but also of collection and the common basis of calculation.

Meanwhile, the rates of VAT and the rate structure would come to be fixed by Governments of member States.

Whether one day the harmonisation of rates would be sought depended on progress towards monetary and fiscal union. But in Lord Amory's view, that question was still far in the future. Eventual harmonisation of rates would have to be reconciled with the permanent aims of the Community, he contended.

From the Opposition front bench, Baroness Elles welcomed the report, but expressed concern lest the concept of zero rating should be disregarded.

Zero rating was a valuable economic and social weapon, particularly in times of inflation. It should not be eliminated except by a unanimous decision of the Council.

Lord Granchester, in a maiden speech, contended that VAT was not working as efficiently as it should, and he believed that pressure would be brought to bear on Britain to raise its VAT rates.

The Community and the Commission are looking at the administration of the tax from the Community point of view and are therefore concerned to see that there is no unfair trading in the Community," said Lord Granchester, who is president of the VAT Tribunal in the U.K.

"As within the U.K., one does not want a trader in one particular part of the country to obtain a trading advantage because of the differences in tax with other parts of the country, so the Community did not want unfair trading conditions arising from different rates of tax."

Lord Granchester also considered that the U.K. would come under increasing pressure from the Commission for harmonisation of our VAT structure with that of other member countries.

Lord McCluskey, replying to the debate, gave an assurance that the zero rating would be retained in the U.K. He assured peers that the directive they were discussing would not impose any significant constraint on this country's budgetary freedom.

**'Container cats' treated as rabies risk**

TWO CATS found alive recently in a sealed refrigerated container lorry were dealt with as potential rabies risks, Government spokesman Lord Strabolgi said in the Lords yesterday.

Experts had initially indicated that they were almost certainly native animals which had entered the container after its arrival in this country.

Lord Strabolgi was replying to questions about the rabies risk from animals accidentally trapped in container lorries from the Continent.

He said that the temperature had been minus 18 degrees Centigrade and the container had been sealed for 14 days. Expert opinion was that a cat could survive no more than 48 hours at that temperature.

The Ministry of Agriculture was issuing further instructions to remind all container depots of security precautions and reporting procedures for anti-rabies purposes, he added.

Lord Leatherland (Lab.) asked how officials discovered that the cats were English. To laughter, he asked whether officials had said: "Come here, puss," or had the cats been addressed in German, French and other Continental languages.

# Callaghan hits out... and has ringside seat

BY PHILIP RAWSTORNE

**M**R. JAMES CALLAGHAN hit out yesterday at a Labour Party political broadcast that had been widely criticised by his political opponents for stirring class conflict.

The Prime Minister's sharp knock against his own party's propaganda was delivered only a few minutes after politics had almost given way to punches in the Commons.

An unbillied catchweight contest between Mr. Tom Swain, Labour MP for North East Derbyshire, former miner and firefighter, and Mr. Norman Tebbit, Tory MP for Chingford and Enfield.

Mr. Swain, shuffling impatiently in his corner, was complaining to the Speaker that he had not been called into the proceedings though he had been on his feet at least ten times.

Mr. Tebbit jabbed at him with a muttered remark—and Mr. Swain countered furiously: "Don't tell me I'm drunk. If you say that outside, I'll punch your bloody head in," he declared.

Swapping verbal blows, Mr. Swain and Mr. Tebbit fought for the door. Mr. Tebbit threatened a right hook, and Mr. Tebbit stopped smiling.

There were shouts of protest or encouragement—and the two men were quickly separated.

Mr. Tebbit—described last week by Mr.

Michael Foot as "the most studiously offensive member in the House"—apologised. And peace was restored.

But the encounter, watched by Mr. Callaghan from a ringside seat, emphasised Mr. David Steel's criticisms that Labour's political broadcast had stirred class conflict, envy and greed.

It had shown the privileged rise of a cartoon figure—"the Son, Algerion." Born with a silver spoon in his mouth, Algy had climbed through life over the backs of the workers until he reached the Lords to vote against their legislation.

The Prime Minister said that he had not seen the broadcast itself but "had not been over-impressed" by the script. The country's problems would only be solved by a united effort, Mr. Callaghan asserted.

But too much conflict had been stirred yesterday for any sort of unity to flourish.

Mr. Callaghan, sternly rejecting any soft economic options, found himself having pressed on him severely from the Left wing.

And the Tories taunted him with the infiltration of extremists into the Labour Party until even the Prime Minister was forced to abandon his political pacifism.

"I am horrified by the degree of hard-faced

extremists infiltrating the Tory front bench," he said.

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# FINANCIAL TIMES SURVEY

Wednesday, December 8, 1976

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urmoily William Dullforce  
ordic Correspondent

# DENMARK

Danes have seen their politicians

this year lurching between crisis and compromise and the country's leaders appear confused, insecure and indecisive. The country is also frustrated and irritated with current trends in the EEC.

BASIC STATISTICS	
Area	16,359 sq. miles
Population (1975)	5.1m.
GNP (1975)	Kr.227bn.
Per capita (1975)	Kr.44,910
Trade (1975)	
Imports	Kr.59.7bn.
Exports	Kr.50.6bn.
Imports from U.K.	£143m.
Exports to U.K.	£623m.
Currency: krone	£1=Kr.9.69

DENMARK governable or anxious to wipe out differences in the democratic process than starting than the tactical compromises which would accommodate Mr. Joergensen and open the way for a coalition with an effective majority in the Folketing. This is a long term view but the recent poll ratings of his party suggest that fewer Danes are willing to go along with Mr. Hartling than at the time of the 1975 election when he increased the Liberals' strength from 22 to 42 in the 179-member Folketing compared with 53 Social Democrats.

Exacerbating the Danish political dilemma is the phenomenon of Mr. Mogens Glistrup and his Progressive party. First voted into office on an anti-tax platform in 1973, Mr. Glistrup was promptly outlawed by the other parties in the Folketing but has since exercised a pervasive effect on their policies.

At first it seemed improbable that he would survive for more than one mandate but, although he has for the last two years been defending himself in a civil court against tax evasion charges, Mr. Glistrup and his party returned triumphantly to the Folketing as the third strongest group in 1975 and in recent opinion polls have even overtaken Mr. Hartling's Liberals.

It is now evident that Mr. Glistrup has crystallised much of the discontent among Danes against the dirigisme and bureaucracy of the social system established in decades of rule by the Social Democrats. He represents more than a protest that he reflects the mood of the soldier on into the new year in 1977. It set off Christianity and that his job is against high taxation. He has country, the party must logically the hope of obtaining an "in-wage-hoarding" demands from the unions and occupational groups alternative. Consistency of a plethora of legislation passed by it into conflict with the unions, some remnants of credibility.

policy is more important to him than the tactical compromises which would accommodate Mr. Joergensen and open the way for a coalition with an effective majority in the Folketing, much of which would prove Danes' living standards and social security but at the cost of elaborate and confusing controls.

He has also become a channel for protest against ideologically motivated changes in school curricula and teaching methods, which—put crudely—follow the theory that the purpose of schools is not to produce competitive-minded individuals but to train children to co-operate in a collectively organised society.

On the other hand the Social Democrats are sensitive to the fact that the purpose of schools is not to produce competitive-minded individuals but to train children to co-operate in a collectively organised society.

During the crisis sparked off but without help from Mr. Hartling it is difficult to see foreign policy.

Another incentive is Danish concern about Warsaw Pact countries' military manoeuvres in the Baltic. In recent months the Russians, Poles and East Germans have been carrying out combined operations in areas much closer to Danish territory than previously. There has been greater air activity with Soviet aircraft turning back at the very edge of Danish air space. Electronic surveillance by Warsaw Pact ships just outside Danish territorial waters has been stepped up and East German and Polish landing craft have been exercising in the Kattegat and Skagerrak, the entrance to the Baltic.

The last poll to test opinion on Denmark's membership of the European Community indicated that just over half the Danes had a negative attitude.

The Government does not appear to be perturbed by this shift in opinion and the official line is that Denmark would have been far worse off outside the EEC during the current recession.

Nevertheless there is some frustration and irritation on the grounds that it is not easy to maintain the level in EEC's present inertia. The Danes have always discredited grandiose schemes for political union but have worked in existing procedures and institutions to improve performance and efficiency.

At present their discontent is focused on the Common Agricultural Policy (CAP) which has brought benefits to Danish farmers but which the Government feels is overburdening the Community budget and preventing the EEC from undertaking new argument on the CAP.

worthwhile ventures. It wants the Community to run down and eventually abolish the present system of Monetary Compensation Amounts (MCAs) which, it argues, unduly favour West Germany and Britain.

German farmers, in particular, it is claimed, are being unnecessarily subsidised and thereby able to raise production and take away Danish markets. The Danes instance, German exports of butter to Britain, a traditional Danish market for dairy products. German exports increased from 1,600 tons in 1971 to 50,000 tons last year while Danish butter exports to Britain rose by only 12,500 tons over the same period to 83,000 tons.

## Changes

Now the Danes are threatening to veto the tabled changes in the VAT system and the EEC unit of account unless the Community agrees to the abolition of the MCAs. They have the support of the Irish but so far appear to be far from their goal, although they believe they have won greater understanding for their position among the Dutch and Belgians and at the latest Heads of Government meeting even gained backing from President Giscard d'Estaing.

The Danes came under fire from their EEC partners in November when they voted in the United Nations together with their Nordic neighbours in favour of a resolution condemning foreign investments in South Africa. The vote underlined the continuing division in Danish loyalties and may not have helped to win backing for their argument on the CAP.

## Alternative

Mr. Hartling, a Christian and Alternative leader and his predecessor as Prime Minister.

## Agreement

In the short term it is difficult to forecast events. A new general election would solve nothing: the same pattern would emerge within the Folketing with Mr. Glistrup's Pro-growth awareness of the effect of Mr. Glistrup only intensifies the most likely to make gains.

But the Social Democrats

will probably reach before April.

The odds are that agreement will be reached before April.

The Social Democrat leaders are

aware of the effect defence cuts

would have within NATO and

the take measures which will bring comes policy agreement with the unions, some remnants of credibility.

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## DENMARK III

## Clouds over industry

DENISH MANUFACTURING the world market for its particular product. The world market for its particular product.

The recession has brought problems, with wage levels outpacing productivity. Investments in manufacturing fell by 25 per cent last year and the forecast for 1976 is for only a slight improvement. The Federation of Industries is hoping for a 15 per cent improvement in 1977 but that would still keep investment below the 1974 level in volume terms.

Efforts have been made to stimulate investment by temporary tax-deductible allowances of 20 per cent for machinery and 10 per cent for buildings. The machinery allowance falls to 10 per cent next year and expires at the end of 1977, while the building allowance lapses at the end of this year.

There is a consensus embracing even Social Democrat politicians and union leaders that profit levels in Danish industry have declined over the last three years to an unacceptable level. This belief was strengthened by the publication this autumn of three analyses of 1975 profits.

The Iron and Metal Industry Association reported bluntly that at prevailing interest rates expansion by its members would not be profitable, while the Financing Institute for Industry and Crafts noted that the return on total capital employed for the companies to which it lends fell in 1975 to the lowest level it had recorded, the 6,712 registered in 1974, 5 less than 100 employees. Many of these companies use the "niche" philosophy, king advanced, high-quality products for specialised markets, frequently as sub-contractors for large foreign concerns. Industry's long-term borrowing typical in this respect is needs, while Mr. Per Hækkerup, electronics branch, where a Minister of Economy and Company employing no more than 50 people may hold half a pondering plan of his own to young managers, has few labour

improve the flow of capital to industry.

The 5 per cent depreciation of the Danish krone on October 18, when adjustments were made to the parities of the currencies co-operating in the European "snake," was received with mixed feelings by Danish companies. The improvement in competitiveness on export purposes was balanced by the 6 per cent increase in kroner terms of companies' foreign debts, but managers main worry was that the depreciation might reinforce inflation and lead to further wage drift.

With export markets still sluggish and uncertain, the incomes agreement proposed by the "August compromise" among the political parties will be of vital importance for industry next year. If wage increases can be kept to the 6 per cent suggested, productivity should recover.

This year two branches in particular seem to have done well, one as expected, the other surprisingly. The textile industry, which went through a very bad period in 1974 and 1975, has seen output and profits pick up. Many of the textile companies are situated in West Jutland, which has been regarded as a development region with low employment, but this year its unemployment figures are among the lowest in the country. The key to the turnaround apparently lies in the flexibility of the small surviving companies which have abandoned mass production, concentrate on design and switch products and markets more often.

## Electronics

Electronics, the fastest growing sector in Danish industry expects a growth rate of some 15 per cent this year or a 6-8 per cent in volume terms. It employs some 18,000 out of a market.

The Federation of Industries is scheduled to propose a more flexible method for financing of 370,000 and exports over 70 per cent of its production to a value of Kr.2.5bn., making it third in sector export statistics.

It is a young branch with gaily compensated for by an

troubles because the production units are small and contact between workers and owners is frequently close. It is the branch above all others which pursues the "niche" philosophy, looking for specialised markets too small to attract the mass producers.

Largest among the Danish electronics companies is the market for export purposes. Bang & Olufsen, the design of whose hi-fi, radio and TV products complements their high quality. The Storno company, a subsidiary of General Electric, specialises in General Radio telephones and has a turnover of some Kr.300m. (253m.).

More typical is a company like Danefysik, which employs only some 50 people, but sells isotopic separators to the Max Planck Institute of Technology and Moscow University; its turnover is probably not more than Kr.10m. but it is a world leader in its particular market.

Dan-Elektronik has just under half the world market for electron microscopy equipment as well as figuring prominently in scientific research and industrial control equipment. Dansk Impulsstik has seen output and profits pick up. Many of the textile companies are situated in West Jutland, which has been regarded as a development region with low employment, but this year its unemployment figures are among the lowest in the country. The key to the turnaround apparently lies in the flexibility of the small surviving companies which have abandoned mass production, concentrate on design and switch products and markets more often.

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The Association of Electronics Manufacturers in Denmark lists 150 companies, the big majority extremely small but several of them exporting 80-90 per cent of their output. As with the rest of the Danish industry labour costs are a problem. The electronics companies need highly qualified staff but they also have highly rationalised production and low price elasticity for their products. The secret of Danish electronics success hitherto, lies in its power of innovation, the capacity to come up with new products for a specialised market.

For Danish shipbuilding the picture is grimmer. There has been a reduction in employment per cent of its production to a value of Kr.2.5bn., making it third in sector export statistics.

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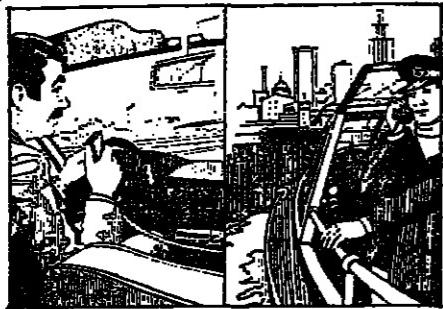
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## DENMARK IV

## STORNO'S WIRELESS EXTENSION TELEPHONES

What it means to be able to communicate through or around conventional telephone systems without being tied to conventional wired telephones



Call from car to ship or field unit to car or car to car, etc.

- Airports like the new Charles de Gaulle in Paris coordinate security and operations activities.
- Harbour services in Hong Kong and Rotterdam work smoothly together to speed ship turnaround.
- Police and emergency units in London and Zanzibar respond faster to the call for "help."
- Public Transport in Durban and Gothenburg schedule bus routing with greater flexibility.
- Construction companies, factories, and hospitals in Copenhagen and Frankfurt shorten distances between key personnel.

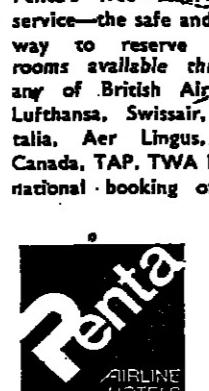
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# Ceiling checks bank advances

THE DANISH banking sector is in the middle of an interesting development, both technically and politically. On the technical side, the commercial and savings banks have introduced what they claim to be the most advanced payments mediation system in Europe, while individual banks are in the process of introducing on-line terminal accounting systems. Politically, the banking system is being forced to cope with the consequences of credit and incomes policy measures which have cut into their earnings ability and distorted the market for credit in ways which are not to the advantage of the banks.

Over a period lasting since 1969 the central bank has endeavoured to control credit expansion by the use of a ceiling on commercial and savings bank advances, but the authorities have not paid the same attention to controlling the other main source of credit supply, the mortgage finance institutions. The latter are a special Danish institution which do not have a parallel in other European countries. The mortgage institutions issue bonds on behalf of their customers, the home-builders, and they are (or were until this year) free to issue as many bonds as they like as long as they are secured against real estate.

The result of restricting bank credit but not the bond market is that the mortgage institutions to-day account for about 70 per cent of the supply of credit, whereas 20 years ago they accounted for only about 30 per cent. The banks and savings banks share of new credit has in the same period fallen from about 45 per cent to only 6 per cent. The problem has arisen, at least in part, out of the high priority which successive Governments have given to the housing sector.

Since 1969 the ceiling on advances has increasingly distorted the banks' operations. The ceiling is, of course, adjusted upwards from time to time, but the adjustments have been made at a much slower rate than either the rise in the price level or the growth in nominal national income.

As bank deposits have nevertheless grown rapidly, especially from the end of 1974 until this autumn (they rose by 35 per cent in 1975 and in the 12 months to August by about 24 per cent) the ceiling on advances has forced the banks to channel an increasing proportion of deposits into the bond market. In 1975 commercial bank holdings of bonds actually doubled from about Kr.15bn. to about Kr.26bn. Over the past ten years bank bond holdings have increased from a sum equivalent to 15 per cent of lending operations through improved earnings from investments and foreign exchange dealings, the situation is that the banks are having considerable problems maintaining the legal minimum equity ratio, which is eight per cent, the highest in Europe.

The policy has also raised other problems, as the ceiling has been accompanied by other measures which have had the effect of rationing credit. Advances for house building were for a long time excluded from the ceiling, and more recently the Government has in effect said that the banks must meet the demand for state-guaranteed student loans and loans to drought-hit farmers, measures which reduce the amount of credit available to other sectors. The ceiling and its complica-

tions are unsatisfactory for the banks, but these measures do not as such affect bank earnings, but as Mr. S. O. Soerensen, the chairman of the Danish Banks Association, said at the annual meeting to the banks does. In 1975 an Association's annual meeting was passed which limits the spread between interest rates on deposits and advances to the average for each individual bank, of the level in the three years of 1972-74. The difficulty with this arises because deposits have risen extremely rapidly, but advances have remained almost unchanged (though they have picked up in the past few months), so that earnings on this most fundamental of all bank operations have been seriously squeezed. And each time the discount rate is raised, the damage to earnings is increased. This probably kept the Central Bank from raising the discount rate earlier in the year, but in October, when speculation over a revaluation of the West German mark caused a big run on the reserves, the rate was raised by two and a half per cent to a record 11 per cent. This was reduced to 10 per cent yesterday.

While the banks have to some extent been able to compensate their losses from deposit and lending operations through im-

proved earnings from invest-

ments and foreign exchange

dealings, the situation is that

the banks are having consider-

able problems maintaining the

legal minimum equity ratio,

which is eight per cent, the

highest in Europe.

It is again linked to two de-

velopments, the increase in

deposits and, especially this

year, the drop in bond prices.

The unrealised losses on hold-

ings of securities between the

end of one year and the end of

the next year go into the profit

and loss account on the basis

of the December 31 values. Last

year, bond prices rose, so that

although operating profits were

not too satisfactory, the final

profit figures were very high.

This year bond prices have

fallen drastically, more than

wiping out last year's unrealised

gains. Most banks will this year

be in the position of recording

either very modest profits or

losses.

The Danish bankers are anxious

to emphasise that this does

not reflect on the financial

solidity of the banks in the

sense that their minimum

equity ratios are much higher

than in most other countries,

but as Mr. S. O. Soerensen,

the chairman of the Danish

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average for each individual

bank, of the level in the three

years of 1972-74. The difficulty

with this arises because deposits

have risen extremely rapidly,

but advances have remained

almost unchanged (though they

have picked up in the past few

months), so that earnings on

this most fundamental of all

bank operations have been

seriously squeezed. And each

time the discount rate is raised,

the damage to earnings is in-

creased. This probably kept the

Central Bank from raising the

discount rate earlier in the

year, but in October, when specu-

lation over a revaluation of the

West German mark caused a big

run on the reserves, the rate was

raised by two and a half per cent

to a record 11 per cent. This was

reduced to 10 per cent yesterday.

The chief problem for the

foreign banks is how to raise

deposits, and for this they are

almost entirely dependent on

the volatile overnight money

market. However, this year,

until the autumn, they were

able to make money on the

overnight market. But the

foreign banks have also suc-

ceeded in establishing a

lucrative business in raising

foreign currency loans, where

the Danish banking regulations

give them an advantage over

the Danish banks. The latter

have a small quota which they

can raise on their own account

for re-lending to customers, but

for most of the loans they raise

they have to go through a

foreign corresponding bank,

which puts up the prices of the

loans. The foreign banks are

not hampered by this regula-

tion. Citibank and Chase have

also been active in assisting

Denmark to raise large foreign

loans this year, and they have

done well on this account.

As mentioned earlier, the

Danish banking system is going

through existing technical de-

velopment. Some 30 per cent of

Danish households are now

using the commercial and sav-

ings banks' joint payments

mediation system. Customers

use this system to have specified

bills paid for them automatic-

ally by the banks, such as mort-

gage, payments, telephone

accounts and newspaper sub-

scriptions. These transactions

are carried out automatically

through a computer system to

which all the banks and savings

banks are linked. The service

is free to the customer, but the

receiving institution, such as

the telephone company, for

example, pays Kr.10 per trans-

action. This is considerably less

than the institutions would have

# The Management Page

MSL says that more U.K. executives are wanted abroad but PER disagrees By Nicholas Leslie

## Job agencies clash on overseas demand

**CONTINUED** rise in demand overseas for U.K. executives has taken place in the first quarter of 1976 according to MSL, the management recruitment company. As a result, U.K. overseas recruitment is up 50 percent above levels for the same time last year.

The survey comes just one month after Reward, a four-monthly survey of the executive recruitment market largely based on figures supplied by the government-sponsored Professional and Executive Recruitment, suggested that the number of executives moving overseas had dropped.

Although the fact of overseas interest in U.K. executives is in no doubt, the disparity between the MSL and PER views makes it difficult to assess precisely how many people are actually moving abroad.

That there is such a disparity seems to be due mainly to the differing bases on which the two organisations draw up their statistics. At the same time, they also tend to base their figures on what they call a "feel for the market," as well as statistics and it is here also that they are in some disagreement.

MSL's statistics are based on study of executive recruitment advertisements appearing in 16 U.K. publications, covering daily and weekly quality publications and professional publications in accountancy, engineering and construction fields. According to the company it counts a job only once it is advertised in more than one publication.

To be included in the MSL survey, jobs must be for a permanent position, particularly in Africa, requiring a qualification above NC standard and a salary above £3,000. The position could also have to be above that while, statistically, the MSL figures were beyond dispute, they did not necessarily give On this basis, MSL says that a true picture of the number of British executives moving overseas in the third-quarter of this year total of 3,144 positions overseas and pointed out that many

not been fully compensated by the greatest demand in all of increased demand elsewhere. The quarters has been from Black and Arab Africa. South Africa, from third position a man has also brought with it year ago has now fallen to fifth a change in the type of job position, with Western Europe offered from the largely technical and research and development positions in the U.S. East up to fourth position.

The basis for the PER's statistics for overseas demand is predominantly inquiries it receives from client companies which use the organisation on a continuous basis. Thus, many of the jobs would probably not even be advertised. Traditionally, U.K. executives when it comes to deciding on a move overseas, they include British companies operating abroad which would send out executives to subsidiaries overseas to gain experience among managers in construction and construction-related jobs in the Middle East and Africa.

While the overall picture is somewhat confused, one point does seem to be fairly clear effect not only on the number of jobs being advertised in the U.K., but also on general interest among executives about opportunities in that country.

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Agent and principal

Could you tell me how in law to distinguish between an agent and a principal? Because someone is described as an agent, for example, a news agent, does this make him one?

Newspapers are not normally agents in law; the description is a commercial custom. An agent, in law, is one who acts on behalf of another (the principal)—thus an estate agent acts on behalf of a person (usually the proposing vendor) in protecting a sale and purchase of real property.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

## Fresh approach at Leyland

BY SUE CAMERON



THREE THINGS have forced Leyland Cars to take a fresh look at its training policies—a new production drive, the trend towards greater industrial democracy and the current rate of unemployment. Since the publication of the Ryder Report last year Leyland has restructured its entire training system, placed it under central control and started a major re-appraisal of future training needs.

People doing jobs that require particular dexterity or skill such as welding or paint-spraying are trained away from the main assembly lines and the company therefore has to buy extra equipment. It also has to write off the cost of car parts that are spoiled through the mistakes made during retraining.

Until last May there was little attempt to co-ordinate different company training schemes. Standards varied widely from one plant to another, and certain programmes were being needlessly duplicated—which amounted to a waste of both money and men.

One of the reasons for this was that responsibility for training had previously been divided between the various British Leyland divisions—Jaguar, Austin Morris, Rover Triumph—and the individual plants. There was little direction or involvement from the top.

But now, the training department has been divided into four broad areas each of which is responsible for teaching different types of skills. All policymaking, planning and monitoring of courses is carried out centrally. A team of training managers who are responsible for the four new sectors has been set up at Hasleby Manor—a castellated Victorian mansion in the Warwickshire countryside with easy access to Leyland plants in Birmingham, Oxford and Coventry.

One of the points emphasised in the Ryder report was the need for Leyland to improve its exports. Accordingly the company is planning to change many of its manufacturing processes over the next four years so as to meet foreign safety requirements and it also intends to bring out a number of new models.

As a result over 30,000 assembly workers will have to be retrained and it is estimated that this will cost about £13m. Nearly all retraining will be done in the car plants and much of it will be carried out by foremen and other skilled workers. Labour costs

will be the most expensive item in the programme for as well as majority of foremen, senior number of men will have to be released from normal production line duties so that they can teach others.

Leyland Cars is also training managers and shop floor workers to take their seats on the company's 37 joint committees under its new three-tier participation scheme. One of the main aims of the training programme for committee members, agreed between Leyland and its unions, is to try to ensure that managers on the grounds that the two groups would be unwilling to admit their problems and weaknesses in front of each other so discussion would become rather pointless. But both union and management representatives said that they did not want to be split up which suggests that the methods being used in the case of committed chairmen—participation training—

are given some separate initial training. The need to do this shop steward training organised by the unions and held at colleges and universities around the country.

Leyland's management training survey showed that while the law themselves without making any attempt to find a consensus of opinion.

The main part of the participation training starts with basic studies in matters such as party. Instead a number of practical courses have been introduced aimed at helping people to work in a perfect company. Leyland Cars is also training managers and shop floor workers to take their seats on the company's 37 joint committees under its new three-tier participation scheme. One of the main aims of the training programme for committee members, agreed between Leyland and its unions, is to try to ensure that managers on the grounds that the two groups would be unwilling to admit their problems and weaknesses in front of each other so discussion would become rather pointless. But both union and management representatives said that they did not want to be split up which suggests that the methods being used in the case of committed chairmen—participation training—

are given some separate initial training. The need to do this shop steward training organised by the unions and held at colleges and universities around the country.

Management courses, along with all other training programmes, are increasingly based on regular analyses of future requirements within the Leyland Cars group. This is possibly one of the chief benefits of the new, centralised approach to the whole training operation—before reorganisation efficient planning was, at best, difficult.

But the training department is determined that its success should not be judged merely on the number and variety of the courses provided but on the ability to meet Leyland's developing needs.

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WEDNESDAY, DECEMBER 8, 1976

## Tight money on the way

THE BALANCE of payments figures for the third quarter by over £900m. in the second. Most of this reduction was due to the decisions of oil-exporting countries, who have run down their sterling balances by £1bn. in the period and because they in the past six months and by show every clearly why we need further assistance from the International Monetary Fund. The fact that the deficit on visible trade increased somewhat was already known from the monthly trade figures and is mainly due to a drop in the volume of exports: export and import prices rose by much the same amount. The net surplus on invisibles, however, improved, with a £50m. increase in net earnings on travel, because the lower exchange rate encouraged visitors to this country and discouraged U.K. citizens from taking their holidays abroad: the signs are that this source of income has continued at a high level in the current quarter. Invisible income from miscellaneous services was also higher and the current account deficit as a whole, seasonally adjusted, rose from £533m. in the second quarter to £637m. in the third.

If the current account was worse, however, the capital account was considerably better, with a net outflow of £407m. in the second quarter. This was primarily due to smaller withdrawals of official sterling balances and to a reduction in the size of leads and lags in the normal pattern of commercial payments. The total balance to be financed, therefore, fell from £1,924m. to £848m.

### £ balances

Only £47m. of this was financed by drawing on the official reserve. Various public sector bodies borrowed another £92m. abroad under the exchange guarantee scheme and another £309m. was drawn on the \$5.3bn. short-term credit from overseas central banks: this brought the total drawn, which will have to be repaid some time before the new IMF credit is actually available, to \$1.543m. It is worth stressing the point that our need for an IMF credit is not due only to the continuing deficit on current account. The exchange reserves in sterling of foreign governments were drawn down by £355m. in the third quarter after having been drawn down

Corset bites

Whatever the detailed contents of the package, about

which the Cabinet was again

arguing yesterday, the IMF will

almost certainly want overall

assurances about the growth of

the money supply and the rate

of domestic credit expansion. A

figure of 10 per cent. for the

growth of M3 has been sug-

gested, which would be quite

severe, since inflation is likely

to continue running at a rate

of 13-14 per cent. for some

months to come. In fact, the

Government has had to re-

impose the corset on the growth

of the banks' interest-bearing

deposits to reach the target of

12 per cent. which is in force

at present. When it was im-

posed, the base chosen was such

that virtually no growth would

be permitted over the next six

months. It now appears that in

the banking month to mid-

November, which ended on the

day before the new restrictions

were announced, the banking

system as a whole increased its

interest-bearing deposits by

over 6 per cent. and the clearing

banks by considerably more.

The reduction that will have to

take place over the next five

months, unless the corset is

slackened, is on a dramatic

scale. The situation will have

to be watched with the greatest

care.

## The slowdown in the U.S. economy

ALTHOUGH there is no good reason to fear that the new U.S. Administration will be isolationist or inward-looking, it is increasingly clear that the most pressing preoccupation of Mr. Jimmy Carter when he takes the outgoing of the incoming office on January 20 will be to take effective action. The uncertainty that this creates can only be exacerbated by the loquaciousness of Mr. Carter and his associates: latest indicators point to a further deceleration.

Compared with a 9 per cent. annual growth rate in the first quarter of this year, Mr. Alan Greenspan, the chairman of the Council of Economic Advisors, has now revised his forecast for the final quarter sharply downwards, from 5 per cent. to possibly as little as 3 per cent. at an annual rate. Unemployment has risen again, to 8.1 per cent. of the labour force, its highest level so far this year; yet at the same time the increase of 0.6 per cent. in the wholesale price increase suggests that the inflation rate, while considerably lower than in the U.K., may be moving up again.

### Federal Reserve

In contrast to the Ford Administration, the President-elect has publicly laid greater stress on the need to stimulate growth and reduce unemployment than on the fight against inflation. Until recently, it looked as though this order of six weeks' time, the chances priorities might take him on a must be that he will go for a collision course with the Federal Reserve Board, whose chairman, Dr. Arthur Burns, has consistently followed a firm line on monetary policy. It is now appears, however, as if the fading of the recovery has helped bring Dr. Burns round more to Mr. Carter's way of thinking: last month Dr. Burns endorsed the President-elect's target of achieving a 6 per cent. growth rate next year, and of reducing unemployment to 6.5 per cent. and more recently there have been distinct signs of an easing of the Fed's monetary policy.

Hanging fire

Whether Mr. Carter's target of a 6 per cent. growth rate in 1977 is still attainable, in view of the downward revision of the estimates for the current quarter, must be in some doubt, even if he cuts tax rates and boosts employment by housing and other programmes, as he is widely expected to do. At all events, the director-designate of the Office of Management and Budget, Mr. Bert Lance, has publicly admitted that it will be "very difficult" to get the unemployment rate down to 6.5 per cent. next year. But if the economy is still hanging fire when Mr. Carter takes office in February, it is a must that he will go for a bigger rather than a smaller stimulus.

By that time, his Administra-

tion will have one important

piece of information which

could have a critical signif-

cance for the economic pro-

spects, not merely in the U.S.

but also in the rest of the

world: the decision of the forth-

coming Opec meeting on oil

prices. America is now heavily

dependent on imported oil, and

until it is clear what is going

to happen to oil prices, it will

be very difficult for Wash-

ington to frame an appropriate

economic policy.

## MEN AND MATTERS

### Checking on the SEC

David Macdonald agreed last night that mention of the tough American Securities and Exchange Commission tended to provoke pained expressions among City people. Early next year, between leaving merchant bankers Hill Samuel and taking up his new job as director-general of the City Take-over Panel, Macdonald plans to visit New York, Washington and Toronto. He intends to include the U.S. and Canadian SEC bodies on his itinerary to "have a look at them on the ground and learn just what the reason is for those pained faces."

Not that the experience is likely to change Macdonald's conviction, widely shared among his colleagues, that self-regulation remains the best way to police the Square Mile. Macdonald is the fourth director-general the Panel has had since its inception in the late 1960s, and his background brings the score to three merchant bankers against one accountant, the last being the present incumbent, Martin Harris.

Harris will have done almost two and a half years as the Panel's executive head by the time he leaves. He came from accountants Price Waterhouse, though whether he returns there is uncertain.

Macdonald, 40, plans to do two years, or only a little more, at the Panel and then to return to Hill Samuel where he has headed the corporate finance side for the past six years. He trained as a solicitor in Slaughter and May, the old firm of Sir Robert Clark, now Hill Samuel group chief executive who recruited Macdonald.

The latter's banking career has had its unusual aspects: in 1971 he was involved in the emotional Upper Clyde Shipbuilders' situation as one of the "three wise men" appointed by the Conservative Government to advise on the restruc-

turing of UCS. In the more sedate environs of the City, Macdonald has been chairman since 1975 of the Issuing Houses' Association.

That gives him a seat on the panel and puts him at the head of the working party which recently issued the fourth rewriting of the code itself. His Hill Samuel work has inevitably led to his appearance before the executive, and he has been before the whole panel, always reckoned an awesome experience; he has not so far been on a losing side.

### Back to Garden

Harrow Garden is synonymous with the diamond trade so it seems only reasonable that the L. M. Van Moppes business in diamonds since Louis Van Moppes arrived in Britain from Holland in 1893, should have an office there. In fact, the company was advised to leave the area at the start of the last war, and only returned this week to take a few pleasant but not opulent rooms in a new block.

Nicholas Van Moppes, the present managing director and great grandson of the founder, explained yesterday that the company settled in Basingstoke, and for years diamond customers were generally people with the time to travel out to Hampshire.

Now, however, most business people have little time to spare, making an office in the capital essential again. Van Moppes, part of the Unicorn Industries group (formerly Universal Grinding Wheel) manufactures industrial diamond products and trades in whole diamonds and diamond powders. The latter is the speciality of Nicholas Van Moppes, who said that customers tended to prefer dealing with members of trusted families, like, on the grand scale, the Oppenheimmers.

The future of the Van Moppes connection with the trade is a

little uncertain at present. The next generation's only representative to date is the managing director's five-year-old son. With all the talk of diamonds, Van Moppes had to admit yesterday that security restraints prevented anyone having a peek at the real thing in the new London office. "There's not a diamond on the premises."

Certainly, his argument that Left, which presupposes a joint effort by all the coalition parties, it would be illogical for him to provoke an irreparable split in the Government's forces, they claim.

Illogical perhaps, but even French politicians are not so far from bright, and the President of the Republic was for cartesian principles. How including the Gaullists, cannot

even the Gaullists' grudging

advisers are hoping that admiration. The benefits may have been shortlived, but they

do indicate that President

Giscard is capable of making a

come-back when it appears

as great. The trade deficit,

which was expected earlier this year to total no more than Frs 30bn. (about £200m.) in 1976, will probably reach Frs 20bn.

thanks to the heavy devaluation

of the franc (18 per cent.

against the D-Mark since

January of this year), rising

and the time that raw

materials, and massive imports becoming desperately

short of oil products in anticipation of Opec price increases.

Though the fast expansion

the economy in the first

of this year initially in modest reduction of employment, the number

of school-leavers came on to the market

autumn have again equalled

number of jobless to the

time in.

Faced with this stalemated

new Government, led by Barre put on the break early autumn. Industries were frozen until the end of the year, public sector price increases blocked until April 1977. Reductions will be made beginning of next year. Guidelines were set for wage increases of less than 6.5 per cent. in doubt, M. Barre wanted wages as well, but was forced to do so for reasons.

The full effects of the plan are not expected through until early next year but results up to date have been very encouraging, at least. The overall index, which could be expected to respond immediately to the freeze imposed beginning of October has not done so. In October it went up again by 0.8% as a result, mainly, of the services sector: restaurants, hairdressers, shopkeepers, etc. to raise price regulations.

Meanwhile, the expected

slowdown in the economic recovery had

had an adverse impact on business climate in

While the motor and

industries as a whole, booming, order books full and semi-finished goods

full than in the first half of the year, and investments to rise. In the steel industry more than 50,000 jobs were laid off by the end of the year, the situation is critical. The estimate is from satisfactory in the chemical and construction industries.

Though M. Barre has rejected suggestions

Government should give stimulus to the economy

the effects of his anti-inflation measures have been measured, but he cannot

see himself fit, he cannot

out that a number of vi-

able expansionary measures

be adopted early next year given the fact that inflation in West Germany, France's main trading partner, is less than half

as great. The trade deficit,

which was equally vulnerable to fluctuations. Since the President's reputation

&lt;p







## Standard Chartered Bank Limited

### INTERIM STATEMENT

	Six months ended 30th September	Year ended 31st March
Consolidated Profit and Loss Account (Unaudited)	1976 £'000	1975 £'000
Trading Profit of Standard Chartered Bank Limited and its subsidiaries (Note 1)	41,716	43,849
Share of profits of Associated Companies	5,353	2,885
Profit before taxation and extraordinary items	47,669	46,734
Taxation: (Note 4)		
The Bank & its sub- sidiaries	20,509	20,903
Associated Companies	2,375	1,333
Profit after Taxation	24,785	24,498
Minority Interests	3,102	3,373
	21,683	21,125
Extraordinary Items less taxation and minority interests (Note 5)	767	(3,688)
Profit attributable to Standard Chartered Bank Ltd. Dividend	22,450	21,125
	4,838	4,056
Profit Retained	17,612	17,069
Earnings per share (Note 6)	31.4p	34.8p
Dividend per share	7.00p	6.75p
(Gross equivalent)	(10.77p)	(10.38p)
	(21.23p)	

Notes:

1. The trading profit of the Bank and its subsidiaries, together with the remaining items making up profit attributable to Standard Chartered Bank Limited, are not wholly comparable with those of the previous periods as a result of a change in the Group's interest in Standard Bank of Nigeria Limited. This interest has reduced from 51% to 40% following a sale of part of the Group's shareholding in that bank and it has been dealt with as an associated company from 1st April 1976.
2. The participation by the Group in a rights issue made by Standard Bank Investment Corporation Limited (SBIC) in August 1976 was lesser in proportion than that of minority shareholders. In consequence the Group's equity interest in SBIC has reduced from 70.25% to 67.44%. The effect on Group profits has been dealt with on a time apportionment basis.
3. Accounting policies and bases of consolidation employed are consistent with those for the year ended 31st March 1976. Profits in foreign currency have been translated into sterling at exchange rates ruling at the end of the relevant accounting periods. A non-trading surplus arising on revaluation of overseas net assets as a result of sterling depreciation has been credited direct to reserves.
4. Provision has been made for taxation at the latest known rates including United Kingdom Corporation Tax at 52%.
5. The net surplus under Extraordinary Items arises from: (a) disposal of and dilution of interest in subsidiaries; (b) acquisition of economic interest in subsidiaries; (c) sales of premises and trade investments.
6. Earnings per share are based upon profits after taxation and minority interests but before extraordinary items, and on the issued share capital of 69,110,349 shares. The earnings per share for the previous periods are based on 61,077,510 shares being the weighted average number of shares in issue during the year ended 31st March 1976, adjusted for the discount in the price of the rights issue in March 1976.

The Board of Directors has resolved to pay an interim dividend in respect of the year to 31st March 1977 of 7p per share (equivalent to 10.77p per share gross), to shareholders registered at close of business on 31st December 1976. The dividend will be paid on 31st January 1977.

Joint Secretaries.

### Dividend Notice

**International Systems  
and Controls  
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The quarterly dividend of 5½ per share of ISC Common Stock will be paid on December 15, 1976 to the stockholders of record on November 30, 1976.

W.D. Frank, Secretary  
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ISC is engaged in engineering, manufacturing, trading and financial operations worldwide. ISC's principal markets are in the development of energy, agricultural and forest resources, grain, food, chemical, petrochemical and pulp processing.

## Ranks Hovis profit nears £40m.

GROUP PROFIT, before tax, of Ranks Hovis McDougal for the 53 weeks to September 4, 1976, was £39.85m, an increase of £11.72m, compared with the previous year. Exports sales were up by £128m, to £211.3m. With reporting first-half profit up from £12.22m, to £19.97m, the directors stated that the group might be trading at lower profits in the second half in some sectors, but they expected a considerable improvement in the year's results.

As to the current year they report that trading results to date are ahead of last year but because of the particularly uncertain economic conditions in the country and the problems facing the bread industry it would be imprudent to make a stage to stage forecast for the year. It is hoped to be able to give some indication of the outlook at the AGM on January 27.

Earnings per 25p share for the past year increased from 4.8p to 6.2p. A final dividend of 1.7466p lifts the net total from 2.6769p to 2.8446p.

1975-76 1974-75  
£'000 £'000

Total sales 1,851,000 1,631,000

Sales within group 1,200,000 1,080,000

Trading profit 62,646 51,745

Rationalisation costs 1,128 3,088

Depreciation 12,736 11,454

Interest paid 12,736 12,736

Investment income 274 240

Share associates 3,678 2,718

Dividends paid 3,678 2,718

U.K. tax 9,063 1,623

Overseas tax 1,782 1,782

Deferred tax 1,282 1,282

Tax credits 330 488

Total tax 26,735 13,524

Net profit 1,216 2,844

Extraordinary credits 642 708

Minorities 882 708

Attributable 12,816 14,799

Preference dividends 283 283

Ordinary 8,007 7,577

Retained 1,216 2,844

Two weeks after £1,127,600 (£982,000)  
double tax relief

Rationalisation costs are shown separately and not included in earnings per share. Dif. tax includes stock relief. The 1975 figures have been adjusted for comparison.

All trading divisions contributed to improvements in the results of the year, agriculture where profits were similar to those of last year. Bakery profits improved in the second half, the directors state.

The results of Wessex Finance, the motor hire purchase company, were down following a planned curtailment of funds made available to the business in view of the general economic situation.

The improvement in overall results was helped by a reduction in interest charges which occurred mainly in the first half, the directors add.

Statement Page 21  
See Lex

**Sharp fall  
at Chapman  
(Balham)**

ON SALES down from £3.81m. to £1.76m. pre-tax profit of envelope, etc., manufacturers, Chapman and Company (Balham), fell sharply from £970,767 to £163,738 in the half-year to September 23, 1976.

Operating in a contracting market the company was unable to recover additional costs in its price structure. Consequently profit margins were severely reduced.

The most recent performance of 18 per cent. up to date, with the low level of industrial activity in the U.K. suggests that no early improvement can be expected, the directors state.

An unchanged interim dividend of 1.75p net per 50p share is declared. Last year's total was 3.924p from profits of £1.1m.

26 weeks

1976 1975  
£'000 £'000

Sales 1,844,000 3,805,000

Trading profit 188,134 967,231

Interest receivable 48,855 48,855

Pre-tax profit 141,236 870,767

Taxation 79,000 22,000

26 weeks

1976 1975  
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## MINING NEWS

# Quebec plans control of asbestos

BY PAUL CHEESERIGHT

**F**EDERAL Government natural resources belonged to the Quebec, elected last month, people announced that it would be spending \$425m. (£152m.) on the expansion of the asbestos mining industry is now building up production in the province within the next few years. Statements by the new Minister, M. René Lévesque, and the Finance Minister, M. Jacques Parizeau, said the Corporation predicts that there will be an international shortage of asbestos products for about ten years.

Arco's \$50M. uranium sale

**A**merica's Atlantic Richfield (ARCO) no longer holds any uranium producing properties following the completion of its sale for \$50m. (£20m.) of its half share in uranium producing mines and plants in the Clay West area of East Canada.

The sale was made into two equal shares to United States Steel Corporation and NMU Uranium, each of which previously held a 25 per cent interest in the properties and plant.

It was announced on November 1 that Atlantic Richfield had agreed to sell its share to U.S. Steel, but NMU Uranium subsequently elected to exercise its right to acquire an equal position with U.S. Steel, a spokesman said.

The plant, which began operating on the properties in April, 1975, has an annual design production capacity of 250,000 lbs of uranium oxide, which is developed ultimately into fuel for nuclear electric power generating plants.

Atlantic Richfield, which has been operator of the facility, agreed to continue functioning as operator until either U.S. Steel or NMU Uranium can be phased into that role. This is expected by mid-1977.

## HAMERSLEY TO RAISE \$80M.

In the first stage of a plan to finance the expansion of production for the Japanese market, the Rio Tinto-Zinc group's Western Australian iron ore producer, Hamersley, is venturing out on to the international capital markets to raise \$80m. (£38.2m.).

In September, Hamersley won contracts to supply Japanese steel mills with an extra 6m. tons of

## The Scottish Metropolitan Property Company Limited

### Increase in Group Profits to Continue

Main points from the Report for the year ended 15th August, 1976, and the Statement by the Chairman, Mr. J. A. Walton, C.B.E., O.S.I., J.P., LL.D. (Glas. and Strath.), Hon. F.R.C.P.S. (Glas.).

- \* Policy is to achieve growth in earnings.
- \* Net revenue from properties increased from £1,196,971 to £1,426,481.
- \* Profit before taxation, exceptional and extraordinary items increased from £820,068 to £918,781.
- \* Total dividend for the year of 1.74p (1.58p equivalent) per share amounting to £471,963 (£429,057).
- \* Dividend for year to 15th August, 1977, will be maximum permitted.
- \* Income from present portfolio will increase annually from rent reviews to reach a figure in excess of £4.5m. by the mid 1980s.

# 'W' Ribbons more than doubles its pre-tax profits

**'W' Ribbons Holdings Limited—manufacturers of cargo handling devices, motor car safety belts and a wide range of industrial webbings**

Results for the year to 30 June (£'000) 1976 1975  
Turnover 14,821 4,654  
Profit before Tax 910 429  
Profit after Tax 447 211  
Dividend per share 2.0106p 1.87p  
Earnings per share 5.52p 5.69p

The Group has had a successful year in terms of profits, turnover and increase in its market penetration.

We have now acquired full operational control of Liv Hansa, one of Germany's largest seat belt manufacturers and its consolidation, to a large extent, explains our higher Group turnover. It also manufactures our Lolif flexible container and Safex cargo slings which, together, now represent a significant part of its entire output.

Direct exports by our UK companies during the year rose from £1.5m to £2.1m which represents 30% of relevant turnover and were mainly oriented to Common Market countries.

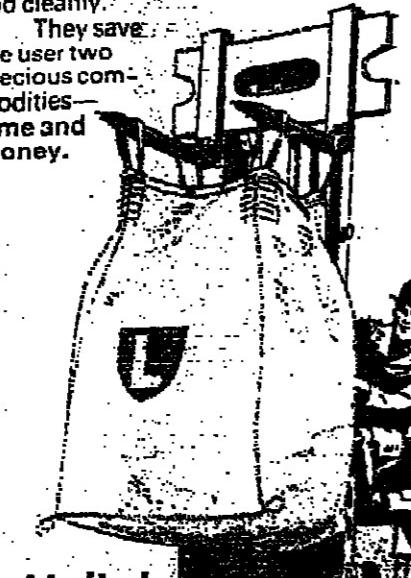
We believe that, with our team, our talents and our range of products, we will be able to maintain our growth in the future.

## Lolif

### flexible, semi-bulk containers

World-wide sales of our Lolif patented 1 tonne containers have considerably expanded during the year. The containers are suitable for carrying any form of powdered or granular product safely, economically and cleanly.

They save the user two precious commodities—time and money.



## 'W' Ribbons Holdings Limited

Copies of the Report and Accounts and product brochures may be obtained from the Secretary at 12 Commerce Way, Purley Way, Croydon, Surrey CR9 4HH.

## BIDS AND DEALS

# JFB profit will show material increase

Johnson, and Firth Brown, problems or to permit a concession bid for fellow Sheffield mining investment programme in steel group Dunford and Elliott, new plant and equipment on the scale which JFB believes to be necessary.

JFB says that it plans to develop and expand the Dunford business and that prospects of employees in the merged group will be enhanced.

During last week's Court proceedings which ended in JFB's appeal being upheld against an injunction sought by Dunford to prevent the bid progressing, it emerged that JFB was expecting pre-tax profits for the year of around £10m.

In a letter to Dunford shareholders accompanying the document, Mr. J. M. Clay, the JFB chairman, argues that the bid, which values each Dunford share at just over 35p with JFB closing at 45p (up 3p) yesterday—is virtually double the pre-tax price on the stock market. He further argues that the bids of the shareholders of the other Dunford shareholders would receive a dividend of 4.708p per share, against 0.7692p from Dunford.

The amalgamation of JFB and Dunford will create one of the largest independent special steel groups in Europe with a capital structure and profit potential sufficient to ensure a continuing programme of investment, modernisation and development.

Of Dunford's plans for 1976-77 financial year were being internally projected at around £9m.

Under the terms of the deal, the assets of Betopan will go to Marley SA, Marley's wholly-owned French subsidiary, in return for 50 per cent of the shares. Thus,

the Board of JFB does not believe that this will be enough to retain a 50 per cent stake in the new equity capital to solve Dunford's "fundamental

problems or to permit a concession bid for fellow Sheffield mining investment programme in steel group Dunford and Elliott, new plant and equipment on the scale which JFB believes to be necessary.

Eternit and Comptoir Tullier du Nord both with 25 per cent. No cash is changing hands in the scale which JFB believes to be necessary.

JFB says that it plans to develop and expand the Dunford business and that prospects of employees in the merged group will be enhanced.

A spirited reply to the bid, which closed on January 5, can hardly certainly be expected today. It would seem that most of the legal argument is now over and that financial arguments, in the form of profits forecasts and statements on current trading, will be used to counter JFB's claims. The official rejection document, which will be issued through Dunford's French advisers, Morgan Grenfell, is expected next week. Also during last week's court proceedings it was said that trading profits of Dunford for the 1976-77 financial year were being internally projected at around £9m.

The T and N holding in the equity will be 50 per cent, the remaining 40 per cent being held by Nigerian interests.

**GRINDLAYS SALE**

Grindlays Bank, London, has now sold its 40 per cent stake in Kenya Commercial Bank to the Government of Kenya. Grindlays retains its 60 per cent interest in City Developments, for \$2.7m. cash (around £660,000).

It is the intention of Metal Box Singapore to incorporate a sub-subsidiary, Secura Singapore Pte, with an initial paid-up capital of \$2.0816m. (£636p). Last year's final was 2.7p.

Six months 1975 1976  
Turnover 1,087,121 861,129  
Group revenue 714,297 611,239  
Associates' revenue 44,133 29,745  
Profit before tax 279,721 351,526  
Taxation 267,721 351,526  
Minorities 165 113  
Attributable 372,333 319,224

## HAY'S WHARF £2.4M. SALE TO TDG

United Kingdom Cold Storage, a wholly-owned subsidiary of The Proprietors of Hay's Wharf, has sold as going concerns five cold stores to various subsidiaries of Transport Development Group. The deal, worth £2.37m., has been affected by Hay's Wharf in order to reduce its borrowings.

The five stores had a book value at September 30, 1976, of £3.23m. and an historical cost of £2.17m. Net profits generated by the stores in the past financial year amounted to £129,000. United Kingdom Cold Storage will continue to own and operate its stores in South London and at Dagenham.

## TURNER & NEWALL IN NIGERIA

Turner Engineering Products (Nigeria) to manufacture and market a range of brake linings, disc brake pads and gaskets for motor vehicles in Nigeria.

The T and N holding in the equity will be 60 per cent, the remaining 40 per cent being held by Nigerian interests.

## METAL BOX SINGAPORE

Metal Box Singapore is acquiring all the freehold assets and outstanding contracts from Secura Pte, a wholly-owned subsidiary of Grindlays Bank International (Kenya) in partnership with the Government of Kenya which owns 40 per cent of the shares. The business of Grindlays Bank International (Kenya) is affected in any way by the sale of the shares in Kenya Commercial Bank.

## WOLF TOOLS

Wolf Electric Tools (Holdings) is acquiring the factory complex security printing in Singapore. With an initial paid-up capital of \$2.0816m. (£636p). Last year's final was 2.7p.

The acquisition will enable Metal Box to enter the field of

business, Grindlays Bank International (Kenya) will take a 20 per cent interest in the new company.

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# INTERNATIONAL FINANCIAL AND COMPANY NEWS

## Kockums will build tanker to ward off yard closure

BY WILLIAM DULLFORCE

KOCKUMS, the last of the major delivery in the second quarter of Malmö. Last year the company's shipyards to remain in 1979. Mr. Hallengren stated that reported substantial losses and private hands, is to build in its Kockums should be able to forecast even heavier losses this year account a 133,000 cubic-metre LNG tanker as an alternative to closing down. The company thus gained did not bring new try. Mr. Nils Asläng announced last month that the Government was allocating Kr.2bn in support of the over Kr.500m (£71.5m) cost of the company's resources would be exhausted.

Kockums have received no new orders for two years. In April the order book comprised ten tankers of 30,000 dwt and four tankers of the Swedish navy.

The Swedish scheme, under which the yards are able to build for stock with the help of State loan guarantees, has been heavily criticised by other European shipbuilders, who believe a drastic reduction in yard capacity is the only solution to the shipbuilding crisis. The Swedes return that the building for stock does not affect plans to cut capacity by 30 per cent. and possibly more.

Last year the yard's earnings slumped to Kr.33m (£7.5m), after a 19 per cent fall in sales to Kr.860m, currency losses of Kr.55m, and increased borrowing. The new LNG tanker will go to Kockums own shipping company.

The decision was taken yesterday at a Board meeting after which Mr. Nils-Hugo Hallengren, managing director, gave a warning that the Board would have to reconsider the yard's future in another four to five months. "Obviously nobody wants to close down as long as there is any economic possibility of continuing," he said.

The new LNG tanker is due for

pellet plant at Hibbing, Minnesota, Bethlehem Steel holds in interest in operating properties 80 cents (Canadian) were paid.

Moves were made last year to restructure and stabilise Seagram's debt situation. The issue last February of \$60m, in seven year Eurodollar notes, together with a private placement of \$100m, 20 year notes via Seagram's U.S. subsidiary helped to reduce short term debt from \$270m, to \$150m.

Seagram's chairman, Mr. Edgar Bronfman said that the move enhances the group's flexibility to capitalise on future opportunities.

**Rivars for Irvine**

MOBIL CORPORATION lost and then quickly regained its lead yesterday in the six-week bidding contest for the Irvine Company, reports Reuter from California.

Major outlays for plant, including a \$16m expansion in Venezuela, a \$10m development in Brazil and a \$5m bottling plant in Maryland, U.S., have moved hand in hand with accelerating investment in Texas Pacific, Seagram's oil and gas production subsidiary, to which Mobil's previous all-cash offer of \$277.7m, or \$33 a share, was topped by a cash and notes offer by Cadillac Fairview Corporation of Toronto.

Cadillac Fairview's new bid of \$275.1m, or \$33.05 a share. But Mobil quickly came back with a new all-cash offer of \$281.9m, or \$33.50 a share.

For the year to July 31, Seagram increased its earnings from \$74m, or \$2.11 a share, to \$80.5m, or \$2.30 a share. Net sales reached a record

## German banks review ten months progress

BY ADRIAN DICKS

STOCKHOLM, Dec. 7.

SATISFACTORY profits, if lower in some cases than those of 1975, are reported for the first 10 months of 1976 by three prominent members of the West German banking community—though none of them provides detailed figures of its earnings.

Bayerische Hypotheken-Und Wechsel-Bank informs shareholders that the balance sheet total during the period rose by some 9 per cent. to a new level of DM32.9bn. Outstanding loans increased by some DM972m, to DM12.3bn, (from the end of last year), with short-term loans to customers increasing by DM74m, to DM6.4bn., or about half the total outstanding.

There was also a healthy increase in savings deposits of DM355m, to a new level of DM2.2bn, the bank stated. New mortgage business, however, lay

full 13 per cent below that

during the same period of 1975.

Bayerische Vereinsbank mean-

while, reported an increase in demand for short-term loans during the first 10 months, but reported that the mix emphasis lay in longer-term business.

The bank's balance sheet total increased by over DM2.5bn, to DM31.1bn, during the first 10 months, while the group balance sheet total rose by DM6.5bn. to DM55.2bn.

Berliner Handels-Und Frankfurter Bank reported an essentially unchanged balance sheet total of DM6.8bn. during the first 10 months, with new loan business stagnant. Nonetheless, weak industrial loan demand was to some extent offset by increased activity by private customers and by greater public sector borrowing.

There was a narrowing in interest rate spreads, the BH&F Bank reported, but this was offset by satisfactory results from the commercial financing side and by greater public sector borrowings.

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## INT'L FINANCIAL AND COMPANY NEWS

**Austrian motor industry  
in two new car ventures**

BY PAUL LENDVAI

**D**MAJOR projects involving Steyr and the German concern

wards the end of 1977, with an initial target of 10,000 cross-country vehicles per annum.

The first of a cross-country vehicle. It has initial investment costs are put at Sch.500m. The vehicle would primarily be manufactured in the Austrian Steyr-Puch company, and the stage at which the setting up of the Steyr at Graz.

Optimistic estimates put the final capacity at 30,000 units annually, in view of sales possibilities not only in Europe but in Africa and the Middle East.

Steyr is already engaged in major co-operation ventures with the Polish State motor corporation, Polmot, concerning the production of heavy lorries in Poland, and is also involved in the erection of a lorry and tractor plant in Greece.

The second and more controversial plan envisages the paid-up capital of Sch.140m. being of a new medium-sized (about £5m.), put up in equal proportion by the two partners, "Austro-Porsche." Production should begin towards the end of this year.

The new company would have a second and more controversial plan envisages the paid-up capital of Sch.140m. being of a new medium-sized (about £5m.), put up in equal proportion by the two partners, "Austro-Porsche."

Production should begin towards the end of this year.

**VW and MAN set  
heir sales target**

BY GUY HAWTIN

FRANKFURT, Dec. 7.

**K**SWAGEN and Maschinen for the market in 1977 is 46,000 (k Augsburg Nürnberg) and it seems likely that it will hope to sell an annual no great problems in achieving their planned six to the figure. Despite the fact that commercial vehicles their prices are way above those of Detroit top-line products when they start production those of the Mercedes-Benz "unique

expected to go for export. remains highly popular.

so they are aiming for North America accounts for a sizeable chunk of the West's 46,000 per cent of Daimler-Benz home market, which this year will absorb about 20,000 contributes some 45 per cent.

Some 80 per cent of Daimler-Benz's sales in this class. Both of all sales—the expensive

will manufacture come eight-cylinder engine class and for the new range, but no less than 67 per cent of the site of the assembly plant group's sales in the eight-cylinder

not yet been chosen.

Financial Daily Handels-

to-day reports that the

ent thinking by both groups

site the plant in North

Germany. Preparatory work

the project, however, will not be completed until about 1977.

According to Handelsblatt

vehicles will be priced

from DM20,000 and DM25,000

DM25 and DM25,000. This will

the operation an initial

over of some DM350m.

Auto Workers strike at U.S.

All of these securities having been sold, this announcement appears as a matter of record only.

New Issues / December, 1976

\$500,000,000

## International Bank for Reconstruction and Development

\$250,000,000 Ten Year Notes of 1976, due December 1, 1986

Interest payable June 1 and December 1

\$250,000,000 Twenty-Five Year Bonds of 1976, due December 1, 2001

Interest payable June 1 and December 1

Salomon Brothers

Morgan Stanley & Co.  
Incorporated

The First Boston Corporation

Goldman, Sachs & Co.

Bache Halsey Stuart Inc.

Blyth Eastman Dillon & Co.  
Incorporated

Dillon, Read & Co. Inc.

Merrill Lynch, Pierce, Fenner & Smith  
Incorporated

Donaldson, Lufkin & Jenrette  
Securities Corporation

Kidder, Peabody & Co.  
Incorporated

Drexel Burnham & Co.

Hornblower & Weeks-Hemphill, Noyes  
Incorporated

E. F. Hutton & Company Inc.

Paine, Webber, Jackson & Curtis  
Incorporated

Kuhn, Loeb & Co.

Lazard Frères & Co.  
Incorporated

Lehman Brothers

Loeb, Rhoades & Co.  
Incorporated

Warburg Paribas Becker Inc.

Reynolds Securities Inc.

Smith Barney, Harris Upham & Co.  
Incorporated

White, Weld & Co.  
Incorporated

Dean Witter & Co.  
Incorporated

Wertheim & Co., Inc.

Discount Corporation of New York

Aubrey G. Lanston & Co., Inc.

L. F. Rothschild & Co.  
Incorporated

Bear, Stearns & Co.

Shearson Hayden Stone Inc.

Shields Model Roland Securities  
Incorporated

Weeden & Co.  
Incorporated

ABD Securities Corporation

Basile Securities Corporation

EuroPartners Securities Corporation

Robert Fleming  
Incorporated

Kleinwort, Benson Scandinavian Securities Corporation  
Incorporated

The Nikko Securities Co.  
International, Inc.

Nomura Securities International, Inc.

Daiwa Securities America Inc.

Ultrafin International Corporation

New Japan Securities International Inc.

# 'No escape from \$1,000b oil investment outlay'

BY PETER CARTWRIGHT

NO ESCAPE lay ahead from the might object that the nation's burden of staggering investment resources were being given in the spring over-expenses to secure more oil over boundary areas. This would be a point at which not enough was done. His through establishment of Norwegian Committee shore Oil and Gas, at level under alternate Norwegian chairman Mr. Bjorn Gjerde, Minister of Industry, one of the executive committee, together with British Petroleum, said the oil industry believe as much oil was waiting to be discovered as had already been found. About 20 per cent. might be below the North Sea and other West European waters.

Those who do not believe this are indulging in some form of fantasising," he told a conference sponsored by the Financial Times on Oil in Deeper Waters. The conference is being held in conjunction with Petroleum Times, the Society for Underwater Technology, and Institute of Petroleum and Ocean Energy, at the same time as an exhibition at the National Exhibition Centre.

Dr. Peacock recalled that an investment of less than \$100 per daily barrel had been required in East Texas. To-day, there in the Gulf of Mexico and the North Sea, something like \$15,000 per daily barrel of oil produced was needed.

That was a very different economic proposition to costs of about \$400 a daily barrel in the Middle East.

One of these cost increases, the \$1,000bn. of new investment outlays required over the next decade did not look so extraordinarily large, it seems on the conservative side."

Of the total, some \$480bn. would be needed to find new resources, with a similar amount necessary for transport processing and marketing.

It was opening up. It was considered that there was negligible oil at extreme ocean depths and this represented a significant change of view.

The industry was approaching exploration in deeper waters more cautiously than two or three years ago. However, there was no doubt that oil would be found at depths of more than 600 feet and as drilling was already extended to 3,800 feet, costs would be high.

**Important** They were beginning from a major new initiative in the Engineering Board Science Research Council was funding university Centres of Excellence as individual research Parallel efforts were b

**Benefit** They would be in the U.S. They were beginning from a major new initiative in the Engineering Board Science Research Council was funding university Centres of Excellence as individual research Parallel efforts were b

**Burden** "I don't believe that beyond the Continental Shelf will be a cornucopia," Mr. Steel declared. "Only large discoveries will prove economically viable."

As the industry moved into deeper waters, licences must have a longer tenure and the burden on those undertaking the first drilling must be lightened.

Dr. Dickson Maben, Minister of State, Energy, reminded his audience that the U.K. was already benefiting to the extent of 20m. tonnes of oil a year.

Next year we could be getting held energy prices below their economic levels.

Outside the U.S., Governments grew increasingly acquisitive in the terms imposed on concession agreements, thereby cutting into corporate profits and reducing the attractiveness of exploration precisely when the capital required was rising at a stupendous rate.

There was a point along the scale of incentives at which a country's citizens reasonably

expected a remote-controlled production system.

The British share of the North Sea offshore market, already more than half the total of £1.85bn., should further expand through protection, equipment techniques required for the vast investment in rigs, platforms and associated equipment.

Mr. A. E. Lambert, director of Fire and Explosives Group, Mather and Lamberton, disclosed that further discussions would be held and production.

**FINANCIAL**

**TIMES**

**OIL**  
**IN DEEPER**  
**WATERS**

**CONFERENCE**

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## APPOINTMENTS

# C. Laidlaw takes over at BP Oil

### Banking figures

(as table 9 in Bank of England Quarterly Bulletin)

ELIGIBLE LIABILITIES, RESERVE ASSETS, RESERVE RATIOS, AND SPECIAL DEPOSITS

1—Banks

	Nov. 17, 1976	Change on month
	£m.	£m.
Eligible Liabilities		
U.K. banks		
London clearing banks	20,579	+389
Scottish clearing banks	2,239	+46
Northern Ireland banks	642	+20
Accepting houses	1,718	-6
Other	5,905	-15
Overseas banks		
American banks	3,627	+102
Japanese banks	352	-16
Other overseas banks	2,024	+107
Consortium banks	164	+5
Total eligible Liabilities*	37,246	+633

Reserve assets

	Nov. 17, 1976	Change on month
	£m.	£m.
U.K. banks		
London clearing banks	2,777	+30
Scottish clearing banks	298	-3
Northern Ireland banks	91	-5
Accepting houses	274	+10
Other	827	-131
Overseas banks		
American banks	503	+4
Japanese banks	50	-1
Other overseas banks	320	+19
Consortium banks	41	-7
Total reserve assets	5,190	-86

Ratios %

	U.K. banks
London clearing banks	13.5
Scottish clearing banks	13.2
Northern Ireland banks	14.2
Accepting houses	16.0
Other	14.0
Overseas banks	
American banks	13.9
Japanese banks	14.2
Other overseas banks	16.3
Consortium banks	25.3
Total reserve assets	13.9

Combined ratio

	£m.	£m.
Constitution of total reserve assets	320	-61
Balances with Bank of England		
Money at call:		
Discount market	1,872	+184
Other	184	+1
Tax reserve certificates		
U.K. Northern Ireland Treasury Bills	1,547	-178
Other bills:		
Local authority	106	-19
Commercial	629	+16
British Government stocks with one year or less to final maturity	522	-30
Other	—	—
Total reserve assets	5,190	-86

\* N.B.—Government stock holdings with more than one year but less than 18 months to final maturity amounted to £633m.

	£m.	£m.



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## WALL STREET + OVERSEAS MARKETS

## Early firmness despite profit-taking

OUR WALL STREET CORRESPONDENT

**ES FIELD** rose on Wall Street Certificates by Williamsburg Sav-  
ings, following yesterday's rise in New York.

Average, with the market rising to benefit from antici-  
pation of economic stimulus after  
President-elect Carter takes

the profit-taking cut into  
gains. At 1 p.m. the  
market was up 1.33 to 962.10, after rising to 965.92. The NYSE All

using prices and market  
news were not available  
for this edition.

The American SE Market Value  
Index added 0.88 to 101.35 and  
advances topped decline by 271-  
217. Trading volume expanded  
560,000 shares to 1.6m. compared  
with 1 p.m. yesterday.

## OTHER MARKETS

## Canada mixed

Canadian Stock Markets were  
mixed in fairly active trading  
yesterday morning.

The Industrial Share Index put  
up 0.23 to 168.45, Western Oils  
gained 1.01 to 203.88, Banks rose  
0.40 to 104.54, and Financials  
rose 0.04 to 76.10. Metals eased  
0.25 to 138.42.

Home Oil "B" were lifted \$1-  
to \$224; it increased its takeover  
bid for Canadian Export Gas and  
Oil, up \$1 to \$61.

Hudson's Bay Oil moved up \$1;  
Hudson's Bay Oil moved up \$1;

to \$344 and Texaco Canada gained  
ahead of issue at 99.5-100 per cent.

**PARIS**—Mostly irregular. The  
easing of Call Money rates to  
10% per cent. from 10% aided  
sentiment, but negative factor  
was the continued National News  
paper strike.

State Francaise des Nouvelles  
Galeries rose nearly 2 per cent.  
on an 8 per cent. rise in turnover  
for its Provincial Stores in  
the first 11 months.

American and Dutch issues  
gained ground, helped by Wall  
Street. Siemens led Germans  
higher. Gold Mines eased slightly,  
while Coppers were steady.

**COPENHAGEN**—Higher on a  
wide front, active trading.

**AMSTERDAM**—Firmer as buy-  
ing interest increased.

Royal Dutch Fins. 1.7 to 120.9,  
and Unilever Fins. 1 to 113.3 on  
strong demand.

ABN, up Fins. 5.50 to 287.5, led  
Banks higher. Shipments rose but  
Insurances were mixed.

**ANMV** shed Fins. 0.5 to 49.5—it  
will bid for the shares of Invest-  
ment Nefco.

Industrials and Trading stocks  
were higher.

**SWITZERLAND**—Markets con-  
tinued to move higher in a selec-  
tive active turnover.

Major Banks met good demand,  
while Financials and Insurances  
also rose.

**GERMANY**—Most shares gained  
up to DM150 but were off the  
day's highs on some profit-taking.

In Electricals AEG put on  
DM1.8 to 83.7—the Federal Cartel  
Office has given AEG permission  
to take over the majority of the  
voting rights of Hartmann and  
Braun AG.

Banks were narrowly mixed,  
among them Dresdner.

Prelli Spie Rose Lire 137 to 1,384  
on strong demand.

**HONG KONG**—Slightly higher  
in slow trading.

Hong Kong Bank were up 10  
cents to HK\$18.40.

Reports that the Government may  
allow a dividend freeze helped  
market sentiment.

Non-Ferrous Metals gained  
ground. Steels finished mixed,  
and Kowloon Wharf 10 cents to  
14.90 and Hong Kong Dock 10  
cents to 9.95.

**TOKYO**—Sharply higher in  
bank trading, with selective  
demand spreading over a wide  
front. Volume 330m. (200m.)

Electricals, Pharmaceuticals,  
Petrolums and Motors were in  
demand on expectations a further  
business-stimulating package  
might be introduced.

Selyu Store were up Y100 to  
2,170, Ezaiki Glico Y90 to 1,250,  
Matsushita Electric Trading Y90  
to 1,730, Wakita Electric Works  
Y80 to 1,800, Nippon Denso Y80  
to 1,740, Taiyo Y80 to 1,740, Kyoto Ceramic Y70 to 1,670 and  
Murata Seisakusho Y70 to 1,410.

But Nippon Television Network  
lost Y80 to 4,320, Matsushita Kototo  
Y70 to 1,580, Nippon Hodo  
Y25 to 855, Teikoku Tsuchis  
Y24 to 651, Nippon Colum  
Y24 to 651, Alchi Machine  
Industries 29 to 70.

**JOHANNESBURG**—Gold shares  
were higher in line with European  
bullion indications, although  
dealers noted small profit-taking.

Financial Minings remained  
basically firm in quiet trading.  
Coppers were occasionaly higher  
but Platinum eased. Other metals  
were unchanged to slightly  
firmer.

Collieries were harder and  
Industrials were quietly firmer.

**AUSTRALIA**—Mixed in quiet  
trading, with the Australian dollar  
revaluation announcement reversing  
early gains in some leading

Export-Oriented Mining and In-  
dustrials, although some recovered  
towards the close.

CRKA rose 5 cents to SA2.90 but  
Peko-Wallend lost 5 cents to 3.90.

Kapunda rose 10 cents to 1.10  
and EZ Industries 2 cents to 2.72.

BHD firms 2 cents to 6.90.

Banks continued strong.

Values are for currencies against the  
SDR as calculated by the International  
Monetary Fund in Washington.

Gold fell \$1 to \$132.15 ahead  
of today's gold auction by the

International Monetary Fund in Washington.

Gold Bullion, fine ounce, \$133.15-135.  
Ciskei, \$134.15-135.15.

Morocco, \$134.20-135.

Algeria, \$134.25-135.

Kenya, \$134.30-135.

Malta, \$134.35-135.

Botswana, \$134.40-135.

South Africa, \$134.45-135.

Lesotho, \$134.50-135.

Swaziland, \$134.55-135.

Gold Coins (international), \$135.50-136.

Krugerand, \$135.50-140.50.

New Zealand, \$137.40-140.

Old South Africa, \$138.40-140.

Gold Eagle, \$139.20-142.

Gold Coin, \$139.20-142.

Gold Bullion, fine ounce, \$139.20-140.

Gold Bars, \$139.20-140.

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# "The Midland Group gives us a feeling of confidence, of knowing we'll get the support we need"

-Ted Williams, Chairman, Arnold E. Williams & Sons Ltd.

The story of Arnold E. Williams tells how a small family company has produced an internationally-successful brand, Falstaff silver-plated tableware, with support, advice and guidance from Midland Bank Group.

Managing Director John Williams says: "After the war we were trying to find gaps in the export market for our silver-plated giftware. The bank helped us in two ways: a simple overdraft facility, £25,000-£50,000, when we needed to build-up stocks, but mainly with advice in all aspects of exporting, an entirely new venture for us."

Ted Williams, his brother and company chairman, agrees: "Suddenly to find your major customers are in Los Angeles or New York is a major departure for a small firm like ours. There were questions like credit ratings for our new overseas customers."

## "Improved our cash-flow"

The Williams brothers rely today on Midland Bank International Division for valuable advice—and not only in handling foreign currency and documentation.



Each half of the hinged lid on a Falstaff claret jug is identically numbered to ensure a perfect match.

Says John: "They've actually improved our cash-flow by suggesting we discount our bills through the ECGD."

"Our export sales team travels nine months of the year, selling Falstaff abroad. Midland helps us find gaps, they start us off with contacts in new markets."

"We're also glad they introduced us to Thomas Cook, whose business travel service we now use."

"In fact, the way the Midland's International branch manager takes an interest in our comparatively small company is very impressive."

## "Forward Trust has given us the best deals"

The Midland helped, too, when the Williams brothers decided to create their own retail distribution network for Falstaff at home.

Says Ted Williams: "We had been producing to order

for a few wholesale customers, but now we had many hundreds of retail customers who all expected us to hold stocks."

Says brother John: "We needed more financial help than ever, not only for stocking-up but for plant as well."

Medium-term loans for new plant came from Forward Trust, the instalment finance company in Midland Bank Group.

"Forward Trust are still helping us enormously to this day," says Ted Williams. "They're top of our list in the money markets. They've always given us the best deals."

## "Turn-over up ten times"

New machinery is at the heart of the growth of the Falstaff brand. In 1972, Midland Bank helped



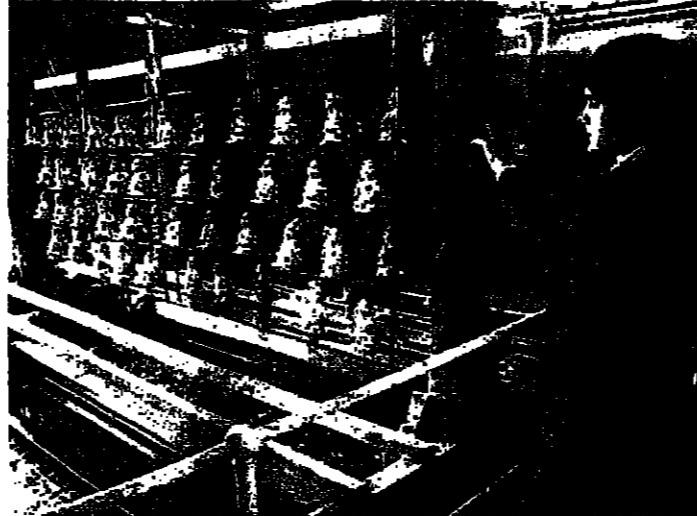
Ted Williams, Chairman (right), and his brother John Williams, Managing Director (left).



The solderer adjusts his flame



Falstaff silver-plated money-boxes in quality control.



Falstaff products about to plunge into one of the biggest automated silver-plating plants in Europe.

finance a fully-automated silver-plating plant. More recently it's been a new press, then an automatic polishing plant.

"As soon as we amortize the cost of one or two," says John, "we've got three more coming in."

"Our turn-over has multiplied ten times in the last ten years."

## "Help in the future"

The company's account has been at the same Birmingham branch of Midland Bank since 1919—

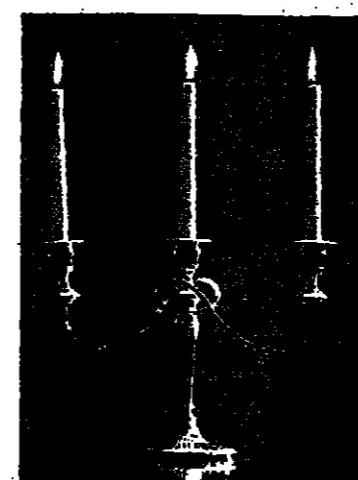
both brothers have personal accounts at the Midland, too—and they know the Midland will be there when it comes to help in the future.

"We have built our relationship with the Midland over the years. This is important when a small family firm starts to grow. With Midland Bank Group there's a feeling of mutual confidence—of knowing we'll get the support we need."

The companies that make up Midland Bank Group can help your company in many different ways. Their services include facilities for term loans, leasing, hire-purchase, merchant banking, equity capital for growth companies, international insurance broking and

advisory services, international and export finance, travel, factoring, investment management, and trust services. Also, very large companies, Midland Corporate Finance Division has a select team that can work directly with the company to make the best possible use of a wide range of Group services.

Talk to your local Midland manager—he can put you in touch with all the right people.



Three-arm candelabra from the Falstaff "Candlelight" series.



# Midland Bank Group

Principal trading companies: Midland Bank Limited, Clydesdale Bank Limited, Clydesdale Bank Finance Corporation Limited, Clydesdale Bank Insurance Services Limited, Scottish Computer Services Limited, Northern Limited, Northern Bank Development Corporation Limited, Northern Bank Executor and Trustee Company Limited, Northern Bank Finance Corporation Limited, Northern Bank Trust Corporation Limited, Midland Bank Company Limited, Midland Bank Group Unit Trust Managers Limited, Midland Bank Finance Corporation Limited, Forward Trust Limited, Midland Montagu Leasing Limited, Griffin Factors Limited, Midland Bank Trust Corporation Limited, Jersey Limited, Midland Bank Trust Corporation (Guernsey) Limited, Midland Bank Insurance Services Limited, The Thomas Cook Group Limited, Thomas Cook Limited, Thomas Cook Overseas Limited, Thomas Cook Bankers Limited, Samuel Montagu & Co. Limited (Incorporating Drayton), Drayton Montagu Portfolio Management Limited, Guyerzeller Zurmont Bank AC, Midland Montagu Industrial Finance Limited, Jersey International Bank Commerce Limited, Bland Payne Holdings Limited, Bland Payne Limited, Bland Payne Reinsurance Brokers Limited, Bland Payne (UK) Limited, Southern Marine & Aviation Underwriters Inc, Bland Payne Australia Limited, London American Finance Corporation Limited, British Overseas Engineering & Credit Company Limited, Drake (UK) International Limited, Drake America Corporation, Export Credit Corporation.

## ARMING AND RAW MATERIALS

Sugar down  
London  
market

**Our Commodities Staff**  
R PRICES eased in yesterday against a backdrop of bearish rumours.

The London terminal, where May sugar closed down on the day at £132.275, there were trade reports the U.S. might soon take action to regulate sugar.

Earlier the London price was fixed £2 lower to a ton.

In Brussels Reuter reported the EEC Commission authorised the sale of 25,000 t

of white sugar at its first since November 16. It added 5,000 tonnes of self-intervention stocks sugar.

From Sydney it was reported that EEC had declined to come to Japanese requests that Australia was con-

cerned a cut in the \$405 a

fixed price for its five-year pact to supply Japan with tonnes of sugar a year.

Today Israel is expected to buy tender for cargoes of sugar to be delivered in January and March which lead to further tenders for dates.

**Peru anchovy  
catch expected  
miss target**

LIMA, Dec. 7.—The final anchovy catch this should reach 2.4 million tonnes short of target. Pesca, the State fisheries commission, said. Since fishing resumed October 18, the catch has reached 600,000 tonnes with daily totals ranging between 18,000 and 20,000 tonnes.

Forecast puts the fourth quarter catch at 1.1m. tonnes—10 tonnes more than Sr. Francisco Mariátegui Andújar, fisheries Minister, predicted on October 25.

March the U.S. Department of Agriculture estimated last catch at 3.1m. tonnes.

**S.-Soviet  
links on grain  
ext week**

WASHINGTON, Dec. 7.—RICHARD BELL, the U.S. assistant agriculture secretary, heads a delegation of officials to Moscow next week to consult with Soviet officials as called for under the U.S.-USSR grain supply agreement. Agriculture Department Officials said.

The Communist Party news-

## Smithfield championship won by small farmer

**FINANCIAL TIMES REPORTER**

**FIZZ**, a cross-bred steer weighing 1,045 lbs, won the supreme championship at the Royal Smithfield Show at Earl's Court, London, yesterday.

The 18-month-old Charolais-Aberdeen Angus and Shorthorn cross-bred animal brought £1,000 by Mr. James McKechnie, of France Farm, Gartocharn, Dunbartonshire—a fruiturer and grocer who took up beef rearing only four years ago.

With his seven entries—half of the herd of 14 beef cattle he keeps on his 20-acre farm—he almost swept the prize winners' board against stiff competition from some of the best breeders in the country.

Fizz took the junior steer championship as well as the supreme. Another of Mr. McKechnie's entries, a 12-month-old cross-bred steer, Silver Liner, won the senior steer championship, and his heifer, proud Dolly of Gartocharn, took the senior heifer championship.

Mr. McKechnie won five of the eight cattle championships awards including the supreme achievement never equalled at Smithfield.

The show, which was visited by Princess Anne yesterday, is attracting big crowds this year. By the close last night 29,248 people had visited Earl's Court compared with 23,819 at the same time last year. The number of overseas trade visitors at just Agriculture as part of the annual food price rises.



MR. JAMES MCKECHNIE with his cross-bred steer Fizz, the Supreme Champion of the Royal Smithfield Show.

over 5,000 has already passed farm review, has appealed to the record 4,305 for the whole almost daily for the Government to restore farmers' confidence in giving some way towards Plumb, National Farmers' Union meeting EEC calls for a devaluation, appealed to the nation of the "green pound." This Government yesterday to implement its promise to expand home food production. Britain's farmers could do the job but would help restore the imbalance between farmers' prices in the U.K. and those of farmers in other Community countries.

But it would put up food prices to consumers and Mr. John Silkin, the new Minister of Agriculture, said only on Monday that he would do his utmost to curb any

the sterling rise and the RSSI spot quotation on the London physical market ended the day 15p lower at 54.5p a kilo.

**Soviet cotton record in doubt**

**BY OUR OWN CORRESPONDENT**

THE SOVIET Union is heading for an excellent cotton harvest but rain and snow in areas where the harvest is still underway might prevent the State from achieving a record.

This year's harvest is 9.68 per cent completed and American agricultural experts believe the cotton harvest has already exceeded last year's total of 7.9m. tons, which was the second largest harvest in Soviet history.

It is now considered unlikely that the total Soviet harvest will set a record, because earlier this year the State could surpass the record 1974 cotton harvest of 8.4m. tons.

Good results in the Uzbek and Turkmen republics, which between them account for 80 per cent of Soviet cotton production, indicate that im. tons of cotton have been sold to the state with the harvesting not yet complete.

It is now considered unlikely,

that the Uzbek Republic had sold 5.3m. tons of cotton to which expanded acreage at a rate of 160,000 hectares a year. Harvesting is not over in Uzbekistan and it appears the republic will surpass its previous largest harvest of 5.35m. tons achieved in 1974.

Figures for the Turkmen Republic indicate that im. tons of cotton have been sold to the state with the harvesting not yet complete.

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## STOCK EXCHANGE REPORT

# Fresh gains accompanied by modest rise in turnover Share index up 9.7 at 319.8—Gilt's eventful

Account Dealing Dates Option

First Declara- Last Account Dealings Date Dealings Dec. 10 Dec. 21 Nov. 29 Dec. 9 Dec. 10 Dec. 21 Dec. 13 Dec. 30 Jan. 12 Jan. 4 Jan. 13 Jan. 14 Jan. 25

+ New time dealings may take place from 9.30 a.m. two business days earlier.

Although the level of activity in stock markets again left much to be desired, a modest increase in turnover accompanied with advances in equities yesterday. Official markings of 4,640 compared with 3,936 on Monday and 4,193 a week ago. Interest in the gilt-edged sector switched to the short end of the market, where a good demand was seen for the short tap stock. Gains in the areas ranged to 10. Medium gains were also recorded, but long-dated issues stayed "without alteration, the main event here being the announcement of a new tap stock, Treasury 15 per cent., 1988." A. V. The official indication that the authorities do not want to see Minimum Lending Rate reduced this week, had little impact on sentiment generally.

Gains in leading equities ranged to 10, but were proportional to the amount of business transacted. Demand was keen, only sporadic and of no great size. The FT 50-share index closed at the day's best with a rise of 9.7 at 319.8, making a rise of 18.9 over the past three trading days.

Overall, sentiment was helped by the strong hint from Mr. Robert Sheldon, Financial Secretary, that VAT would not be increased in the immediate future. This prompted a healthy broader interest. Gains led fully by 9.3 in FT quoted Industrials and the FT Actuaries All Share index rose 1.5 per cent. in 13.04. Equities recorded some useful rises helped by hopes that this sector would not be treated unfavourably in the forthcoming

mini-budget and the sector index advanced 3.8 per cent. to 182.69.

## New long "tap"

A sequence of events, sometimes surprising and sometimes not, left British Funds on an irregular note following the after-hours business yesterday. A good initial demand was evident in the Government broker twice raising his price for supplies of the special Treasury 3 per cent., 1982, Midland, 225p, and National Westminster, 195p, all closing 7 dearer.

Revaluation coming only nine days after it devalued its dollar by 17.1 per cent. helped banks of that country to improve. ANZ picked up 9 to 297p and Bank both rose 7. The big four Banks took their recent improvement a Bell rose 10 to 146p, while Distillers ended 41 up on the day to 115p; the latter's interim results are due next week.

May and Hassell featured Buildings with a jump of 19 to 32p on the interim figures. Higher earnings took Nottingham Brick up to 105p, while Lararge Organisation hardened to 24p on news that the current company had increased its 1980 profits by 10.5 per cent. to 12.5p, while Bambers' 2 harder at 25p, while R. Costain, 112p, and John Laing 111.6p, put on 4 and 3 respectively. Gains of 3 were seen in Redland, 71p, and BPR Industries 94p, while P. C. Henderson improved 4 to 42p.

On its fiftieth birthday, ICI rose 5 to 300p. Elsewhere in Chemicals, plus 10 to 271p, while GKN, 145p, and Welsh metal 15 to 250p. Carless Capel finished 2 better at 30p following the interim results, while rises of 4 were seen in Storey Bros, 35p, and Alabri and Wilson, 15p, the latter helped by Press comment.

Awaiting to-morrow's interim statement, Associated Television rose 4 to 37p.

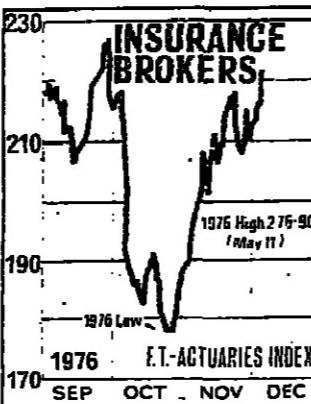
**EMI advance**

EMI featured Electricals with a rise of 11 to 216p following the chairman's remarks at the annual meeting. General Electric's interim figures, too, showed up 7 to 145p for a two-day rise of 12. Royalle Parsons also added 5 to 183p, while Plessey, 160p, and Thorne Electrical 111.6p, put on 4 since. Mafthead remained popular, rising 4 to 117p for a two-day gain of 15. Sony were lifted 10 to 170p, while other firm spots took in BSR, 3 up 88p.

Stores continued in firm fettle on hopes that the retail industry will escape fresh increases in VAT rates in the forthcoming mini-budget. Gossies "A" with Guiness moved up 3 more to interim results due to-morrow.

**Discounts good**

Discounts featured a firm buying sector yesterday when one, which continued after market hours, helped bring about double-figure gains in places. Unilever ended 17 up at 275p and Alexander's were 16 higher at 185p, while Cater Ryder put on 12 to 203p and Allen Harvey and Ross 10 to 240p. Among smaller-priced issues, Jessie Toyshop, 68p, and King and Shaxson, 48p,



1976 FT-ACTUARIES INDEX

bettered 10 to 151p, while House Metropolitan, 34p, and those of Fraser, 68p, and Marks and Spencer, 87p, put on 2 and 3 respectively. Adda International, the latest to 125p, while gall's did 41 over the last three trading days.

**Hoover wanted**

The Miscellaneous industrial sector once again provided numerous firm features. Standard Chartered, 245p, and Vickers, 150p, the latter 11 being affected by stock shortage. Arrow "A" were good at 35p, up 7, helped by a bullish broker's note that suggested a further upward move might be made by its American subsidiary. Reports that the Belgian Government is recommending revised rates and dividends to be raised by 5 per cent. next year helped 42p (which has substantial Belgian interests) rise 23 to 300p. Good profit performances brought gains of 10 to 200p, while a further rise of 5 to 215p was made by its American subsidiary.

Widespread firmness in Engineering was reflected in rises of 6 or so in GKN, 245p, and Vickers, 150p, the latter 11 being affected by stock shortage. Arrow "A" were good at 35p, up 7, helped by a bullish broker's note that suggested a further upward move might be made by its American subsidiary.

Paisley Textiles were also up after Ordinary and "A" closing 4 easier at 140 and 165 respectively following small offerings in a restricted market. In Shoes, Wears closed a shade better at 12p on further consideration of the preliminary figures.

**Board's share transfer**

On Sir Hugh Fraser's 70th birthday, ICI rose 5 to 300p. Elsewhere in Chemicals, plus 10 to 271p, while GKN, 145p, and Welsh metal 15 to 250p. Carless Capel finished 2 better at 30p following the interim results, while rises of 4 were seen in Storey Bros, 35p, and Alabri and Wilson, 15p, the latter helped by Press comment.

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FINANCIAL TIMES STOCK INDEX									
Dec.	Dec.	Jan.	Jan.	Feb.	Feb.	Mar.	Mar.	Apr.	Apr.
Government securities	562.57	56.57	56.57	56.57	56.57	56.57	56.57	56.57	56.57
Fixed interest	56.16	56.17	56.17	56.17	56.17	56.17	56.17	56.17	56.17
Industrial Ordinary	319.8	310.1	306.3	300.9	301.3	301.3	301.3	301.3	301.3
Joint Stock	137.0	137.6	138.3	138.6	138.6	138.6	138.6	138.6	138.6
Ordinary Yield	5.82	7.01	7.15	7.30	7.30	7.30	7.30	7.30	7.30
Earnings Yield	21.35	31.95	32.32	32.88	32.88	32.88	32.88	32.88	32.88
P.E. Ratio	6.85	6.66	6.56	6.49	6.49	6.49	6.49	6.49	6.49
Debtors	4,640	3,978	3,826	3,619	3,619	3,619	3,619	3,619	3,619
Equity turnover rate	38.43	38.33	38.15	38.07	38.07	38.07	38.07	38.07	38.07
Equity beginning total	9,810	9,360	8,171	8,603	8,603	8,603	8,603	8,603	8,603
10 Am. 31st	31.81	31.13	31.13	31.13	31.13	31.13	31.13	31.13	31.13
11 pm. 31st	31.81	31.13	31.13	31.13	31.13	31.13	31.13	31.13	31.13
Closed Index	31.81	31.13	31.13	31.13	31.13	31.13	31.13	31.13	31.13

\* Based on 32 per cent. corporation tax. \*\* Net of 10% Govt. Sess. 13-18 Dec. 1976. \*\*\* Net of 10% Govt. Sess. 13-18 Dec. 1976. \*\*\*\* Net of 10% Govt. Sess. 13-18 Dec. 1976. \*\*\*\*\* Net of 10% Govt. Sess. 13-18 Dec. 1976.

HIGHS AND LOWS S.E. ACT.									
High	Low	High	Low	High	Low	High	Low	High	Low
Govt. Secs	55.21	55.22	137.4	137.18	137.4	137.18	137.4	137.18	137.4
Fixed int.	55.11	55.12	137.2	137.18	137.2	137.18	137.2	137.18	137.2
Industrial	55.37	55.38	137.4	137.18	137.4	137.18	137.4	137.18	137.4
Joint Stock	55.16	55.17	137.4	137.18	137.4	137.18	137.4	137.18	137.4
Ordinary	55.21	55.22	137.4	137.18	137.4	137.18	137.4	137.18	137.4
Preference	55.11	55.12	137.4	137.18	137.4	137.18	137.4	137.18	137.4
Joint Stock	55.21	55.22	137.4	137.18	137.4	137.18	137.4	137.18	137.4
Ordinary	55.11	55.12	137.4	137.18	137.4	137.18	137.4	137.18	137.4
Preference	55.21	55.22	137.4	137.18	137.4	137.18	137.4	137.18	137.4
Joint Stock	55.11	55.12	137.4	137.18	137.4	137.18	137.4	137.18	137.4
Ordinary	55.21	55.22	137.4	137.18	137.4	137.18	137.4	137.18	137.4
Preference	55.11	55.12	137.4	137.18	137.4	137.18	137		

# AUTHORISED UNIT TRUSTS

Unit Tst. Mgrs. Ltd. (a)(c)	Bridge Fund (Bridgetown)	King William St., EC2R 8EP	01-6284001	Mercury Fund Managers Ltd.	Pleasday Unit Tst. Mgrs. Ltd. (a)(b)	J. Henry Schroder Wag. & Co. Ltd.	Target Tst. Mgrs. (Scotland) (b)	
tenhouse Rd. Adm. Ltd.	Bridge Inst. Ltd.	100 Finsbury Circus EC2M 7DD	01-6284012	20, Finsbury St. EC2R	01-6284000	120, Cheapside, EC2	10, Abbot Crescent, Edin. 3	
Capital	Bridge Inst. Ltd.	100 Finsbury Circus EC2M 7DD	01-6284013	21, Finsbury St. EC2R	01-6284001	106-108 New London Rd.	101-229 86212	
Inst. Tst. 100%	Bridge Inst. Ltd.	100 Finsbury Circus EC2M 7DD	01-6284014	22, Finsbury St. EC2R	01-6284002	Babylon Dec. 2	102-3 245	
Inst. Tst. 100%	Bridge Inst. Ltd.	100 Finsbury Circus EC2M 7DD	01-6284015	23, Finsbury St. EC2R	01-6284003	Target Trust	103-4 1467	
Hambury Group (a)(g)	The British L/H/O Office Ltd. (a)	5, Bishopsgate Rd., Liverpool St.	01-62772000	Arctic Unit	103-4	103-5	Transatlantic and Gen. Secs. Co. (b)	
V. H. Soc. Nation. Brewst. Exch.	BL British Ltd.	100 Finsbury Circus EC2M 7DD	01-6284016	Arctic Uts. (Dec. 8)	103-5	103-6	Chelmsford 100-101	
Soc. 50% 100% 100% 100%	BL Balances Ltd.	100 Finsbury Circus EC2M 7DD	01-6284017	Income & Growth	103-6	103-7	Babylon	103-5 797
Inst. Tst. 100%	BL Dividends Ltd.	100 Finsbury Circus EC2M 7DD	01-6284018	Capital Fund	103-7	103-8	Private Units	103-6 563
Capital Tst.	BL Dividends Ltd.	100 Finsbury Circus EC2M 7DD	01-6284019	Income Fund	103-8	103-9	Accrued Units	103-6 618
Inst. Tst. 100%	BL Dividends Ltd.	100 Finsbury Circus EC2M 7DD	01-6284020	Private Fund	103-9	104-0	Europe Units	103-7 779
Inst. Tst. 100%	BL Dividends Ltd.	100 Finsbury Circus EC2M 7DD	01-6284021	Technology Fund	104-0	104-1	Global Units	103-7 821
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Wednesday December 8 1976

## Heath under attack from Tory MPs

BY RICHARD EVANS, LOBBY EDITOR

MR EDWARD HEATH'S rebellious declaration that he would not support the shadow Cabinet's total opposition to the Government's Scotland and Wales Bill drew angry criticism from anti-devolution Conservative MPs yesterday.

A newly-set up group of around 30 backbench opponents of the Government's devolution of around 30 backbench opponents of the Government's devolution proposals are to protest collectively and individually to Mrs Thatcher, the Conservative leader, about any move to rebrand against the three-line Whip decided by the shadow Cabinet for the Bill's second reading on Thursday.

### Potential

Mr Heath's decision not to oppose the Bill was being interpreted at Westminster as a rallying call to other Tory MPs who were considering defying the shadow Cabinet decision.

Mr Alastair Buchanan-Smith, the pro-devolution shadow Scottish Secretary, is still considering his position following warnings from the Opposition Whips that he could hardly expect to remain in the shadow Cabinet if he failed to oppose the Government's Bill.

His position, and that of five other pro-devolution front-bench Scots, is certain to be discussed at tonight's meeting of the shadow Cabinet when pressure will be brought on Mr Buchanan-Smith to speak against the Government Bill or resign.

It is impossible to estimate the scale of any Tory rebellion at the end of next week's four-day debate. Potentially there are up to 30 MPs who might be prepared to abstain against the three-line Whip and a few who could vote for the Bill. But the Tory Whips will be very active in the next week to contain the revolt by applying various pressures and the final numbers might be considerably reduced.

Encouragement for Mrs Thatcher and the shadow Cabinet came from the anti-devolutionist Unionist group of backbenchers who offered "strong support" for the decision to have an all-out campaign against the legislation on the grounds that it was too bureaucratic and would begin

a slide towards the break-up of the U.K.

Some of the backbenchers suggested that Mr Heath and his supporters were acting in contravention of a party agreement earlier in the year when, it was claimed, the Tories had agreed to support the principle of devolution but to oppose any Bill based on the contents of the White Paper.

### Specific pledge

One of the group, Mr George Gardiner, MP for Reigate, commented: "Any Tories contemplating revolt on the shadow Cabinet's policy will do their cause more harm than good. Last time this was debated many of us cheered a three-line Whip for a pro-Assembly amendment only after a specific pledge that the party would fight the Government's Bill."

If some leading Tories now default on this, the effect could be to wipe the slate clean of previous mutual commitments. If Mr Heath claims the luxury of independent action he must not be surprised if in future those on the other side of the argument do the same."

Mr John Biggs-Davison, an Opposition front-bench spokesman on Ulster, attacked Mr Heath by claiming that the former party leader and chief whip was now "gamekeeper turned poacher with a vengeance."

### Sports Council offers £2.5m.

THE SPORTS COUNCIL has offered a £2.5m grant towards the £5m estimated cost of a new national indoor athletics and cycling stadium at Sandwell in the West Midlands.

Sandwell, which is bidding to host the 1980 Commonwealth Games, provides an ideal location for a major sports centre, the Sports Council said yesterday. It should be completed in 1982.

Facilities will include a 200-metre, four-lane athletics track and a 250-metre cycle track. With the two tracks will be an arena with a 60-metre sprint track and space for indoor field events.

## Wallace Brothers takeover move to bolster confidence

BY MARGARET REID

STANDARD CHARTERED Bank, an agreed offer to acquire the of "taking steps to forestall the big overseas banking group, whose capital of Wallace Brothers (Holdings)—whose lack of confidence." He did not know of any run on deposits in evidence by taking over Wallace total assets at the end of July Wallace, which at the end of Brothers (Holdings), whose 1973 were £128m—for a deferred July 1975 had deposits of £78m. banking subsidiary faces serious cash consideration of not more than £1m. The sum payable will be related to net worth and be calculated in 1982.

The Crown Agents, which has already written off more than £100m. through its involvement in the secondary banking crisis, has a 27 per cent stake in Wallace Brothers, a private company, in which certain members of the Wallace family hold at least 38 per cent.

### Indemnities

The principal shareholders in Wallace Brothers, with 65 per cent of the shares between them, have agreed to the take-over and have given indemnities to protect Standard Chartered as to the net worth position of the Wallace group.

Mr Graham said last night that the acquisition was a matter

of a large stake in Wallace.

Standard Chartered, whose chairman is Lord Barber, the former Chancellor of the Exchequer, announced its move last night after talks with the Bank of England, which is specially interested because Wallace Brothers' Bank is an authorised bank.

Mr Peter Graham, deputy managing director of Standard Chartered, said that Wallace's difficulty was "basically a problem of property lending." This has been a trouble faced in the past few years by a range of secondary banks.

Standard Chartered is making

that the acquisition was a matter

## Government to re-launch aid scheme for clothing industry

BY RHYTH DAVID, TEXTILES CORRESPONDENT

THE GOVERNMENT is to re-launch its Industry Act aid to be reduced from £30,000 to £10,000. The reduction recognises the existence within the scheme, due to run out at the end of this year, has been disappointing.

A total of £15m. has been set aside compared with £20m. under the original plan. Rates of grant have been increased and the conditions for applying have been relaxed.

Mr Alan Williams, Minister of State for Industry, announcing the new scheme in London yesterday, said the original plan had not proved entirely successful. But the lack of response was understandable against the background of depressed trading conditions and heavy import penetration. About 200 applications had been received under the old programme, but these accounted for only about £4m. of the money on offer from the Government.

A request for changes to the scheme to make it more attractive was submitted some months ago by the industry's economic development committee. The new proposals follow its broad recommendations.

The basic rate of grant towards investment is to be increased to 25 per cent from 20 being necessary. Changes made sources of finance for the industry in applications was seen as an increase of 25 per cent and the minimum size in August to the machine tool industry.

## Dutch offer on defence costs

BY MALCOLM RUTHERFORD

BRUSSELS, Dec. 7.

THE DUTCH Government is to take over some of the foreign exchange element in British defence expenditure in return for a greater British role in maritime reconnaissance.

The broad outline of the Dutch proposals has already been put to Mr Fred Mulley, the British Defence Secretary, when he visited The Hague last month. They will be presented in much more detail when Mr Bram Stenbergink, the Deputy Dutch Defence Minister, goes to London for talks with Mr. Mulley next week.

The Dutch are initially talking about 750m. guilders (about £180m.). This compares with the foreign exchange costs of maintaining the British Army of the Rhine which are at present about £60m. a year. British efforts to secure compensation for this have so far been directed solely at the West Germans.

The aim, apart from helping Britain, is to further the Dutch objective of saving money by greater specialisation among European countries in defence tasks.

The Dutch plan involves a revision of tasks between British and Dutch forces—including British and Dutch forces in Germany—this would be to allow more British defence expenditure to be spent in Britain.

Essentially the Dutch are suggesting that their own present maritime reconnaissance task should be taken over by Britain. This would mean a new fleet of Nimrod anti-submarine warfare patrol aircraft which would be built in Britain and flown and maintained by the British.

In return, the Dutch would release the 750m. guilders they have in their budget for the replacement of their own maritime reconnaissance aircraft for other purposes.

According to high level Dutch sources, this could include a greater Dutch contribution to the defence of the Channel and eastern Atlantic, or a Dutch participation in the costs of keeping British troops in Germany.

## Miki 'has made up his mind to resign'

BY CHARLES SMITH, FAR EAST EDITOR

TOKYO, Dec. 7.

MR TAKEO MIKI has made up his mind to withdraw from the Japanese Premiership, according to one main Japanese newspaper, quoting "sources close to the Prime Minister."

The Yomiuri Shimbun, in its Tuesday evening edition, said that Mr. Miki's mind appeared to have been "cleared" on the subject during the past 24 hours.

The paper predicted that the Liberal Democratic Party might hold a meeting about December 22 or 23 to formalise Mr. Miki's resignation from presidency of the New Liberal Club agrees to vote for the Government candidate.

The Party would then hope to elect its new leader as Prime Minister at a special session of the Diet (Parliament) to be convened a few days later.

Mr. Takeo Fukuda, Mr. Miki's long-time rival and former Deputy Prime Minister, is still being tipped as the most likely successor, though many influential figures in the Liberal Democratic Party are keeping silent on the leadership issue in the aftermath of the LDP's election setback.

Mr. Miki had a meeting on Monday night with Mr. Tsuneo Uchida, Secretary General of LDP, at which the newspaper claims, he indicated he would probably not try to cling to the Premiership at all cost.

Another important meeting to-day was between Mr. Tsuneo Uchida, Secretary General of Finance.

During the 20-minute discussion, Mr. Miki apparently tried to elicit Mr. Uchida's views on the leadership issue. Mr. Uchida's only response seems to have been to point out that Mr. Miki should take responsibility for the election result.

Mr. Uchida leads the third largest faction in the LDP, and has publicly announced his support for Mr. Fukuda as the next Prime Minister and leader of the party.

If the party does select Mr. Fukuda as its new leader, it will still have to secure his election in the Lower House of the Diet. The boom was ascribed to "bar-gain hunting" in some market reports. Others put it down to deliberate buying support by major securities houses at what could otherwise have been a period of somewhat shaky market performance.

## Issuing Houses chief new director general of Take-over Panel

BY MARGARET REID

MR DAVID MACDONALD, a merchant banker who is a director of Hill Samuel and chairman of the Issuing Houses Association, is to succeed Mr. Martin Harris as director general of the City Take-over Panel on April 1 next year.

Mr. Macdonald, who is 44 and has run Hill Samuel's corporate finance side for the past six years, will be the panel's fourth chief executive—it's chairman is Lord Shawcross—and the third merchant banker to hold the office.

For the past two years he has been chairman of the IHA, headed by Mr. Gordon Richardson, Governor of the Bank of England, said there were two aspects of thoughts which specifically appeal to him.

Mr. Harris said he had not yet decided on his future role and was still reviewing possibilities.

Continued from Page 1

### Bank lending

been anticipatory demand by big borrowers, exerting control to be imposed. There may also have been some further arbitrage movements among the banks and the money market.

At the same time, there has been a continuing demand for loans to finance stocks at rising prices and a rise in lending to the drinks trade may have reflected finance for stocks to meet public demand ahead of expected value added tax rises.

The corset controls operate on the banks' interest-bearing resources, imposing a strict limit on their permitted growth over six months compared with the base level set as the average of the three months August-October. Banks which go above the limit are subject to penalties.

They hope that they will still be able to meet the needs of priority borrowers in manufacturing industry.

Continued from Page 1

### Healey

leader that there would be no hours in the morning, and the meeting resumed in the evening in the PM's room at the Commons. It was the seventh meeting in the present series.

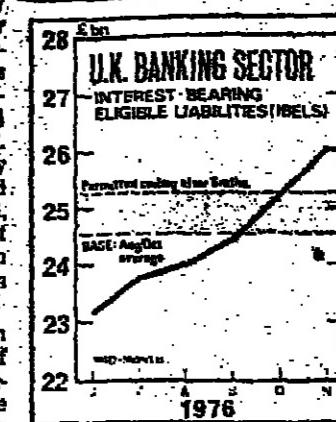
All the signs yesterday were that the Cabinet is agreed on a policy of further public expenditure reductions affecting not only 1977-78 but also the next two or three years. Ministers are continuing the agonised process of agreeing suitable cuts that will not have too harsh an effect on unemployment.

The Cabinet met for three remained open.

## THE LEX COLUMN

## Markets are told to be patient

Index rose 9.7 to 319.8



and lower rationalisations. Since the 1976 year profits were not improved, but RHM's statements on price annual meeting at January. By then know just which was blowing on bread counts.

Last year's recovery was probably worth £1.5 billion. But the situation is still making a tenth of not any increase in pressures in the first half year would come at a time raw material costs something like half put of standard loan retailers at the current discount of 22.5%. Fortunately, the main advantage is being followed by the group is happily milling going well after second half last year division profits rising weighted basis, widened from 34.1 per cent to 44.6 per cent, yet pre-tax profits are only 2% per cent ahead at £47.7m. and recovered from £2.1m. down at the trading level, which includes around £2m. of earnings on the rights issue proceeds.

The figures are not strictly comparable since the Nigerian affiliate, which chipped in years, but at this point is around a seventh of last year's profits, is now being treated as an associate, following the increase in the Nigerian shareholding. Nevertheless, the trading picture has been duller than expected. The group operates in around 27 so-called "third world" countries and is taking a more cautious view of their economic performance in the short term, while at home, the Hodge Group's recovery has been halted by the sharp rise in MLR.

Balances sheet assets have risen by perhaps 10 per cent over the half year but most of this reflects the decline in sterling and its faster growth countries at this pace the free capital ratio of around 2.6 per cent will tend to be eroded. Against this background, and the prospect of profits a shade above £100m. for the full year, the shares at 28p are looking to the prospective yield of 9.4 per cent for support.

### Ranks Hovis

Ranks Hovis' margins have around whether Du

ford and Elliott's

keeping some of its though forecasting tax for the December, JFB is

Johnson and Ford and Elliott's

in the course of the

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not appear to take anything like Dur

shares at 28p are looking to the prospective yield of 9.4 per cent for support.

### Weather

U.K. TO-DAY

SHOWERS, falling as sleet or snow in Scotland, Ulster and on high ground further S. Strong winds in England and Wales.

London, E. Anglia, Midlands, E. Cent. N. E. England.

Showers or longer periods of rain. Sleet or snow on high ground. Wind W. strong. Max. 7C (45F).

S.E. Cent. S. S.W. N.W. England, Wales, Lakes, I. of Man.

Showers or longer periods of rain. Sleet or snow on high ground. Wind W. strong; gales on coasts. Max. 7C (45F).

All Scotland, Shetland, N. Ireland.

Sleet or snow showers, some sunny intervals. Wind variable. Max. 5C (41F).

Outlook: Scattered wintry showers, sunny intervals. Cold, with frost night and morning.

Lighting up: London 16.22,

Manchester 16.30, Glasgow 16.14,

Belfast 16.28.

BUSINESS CENTRES

Yester-day mid-day

Today mid-day

Mon